single market, Page 24

European Community's

plan for a

Friday September 18 1987

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Iraqis push Owens in back tank offensive

World News

by Iran Iraq said it had repulsed an Ira-nian tank and artillery offen-sive in an 18-hour battle, while which went private in February Iran threatened to shell Iraq's in a leveraged buyout, is to buy cities in reprisal for renewed Brockway, second largest glass air strikes. In New York the UN Security Council was masting to cities in reprisal for renewed air strikes. In New York the UN Security Council was meeting to discuss with Secretary General Javier Perez de Cuellar the results of his recent peace mission to the Gulf. Kawait eil boost, page 6

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APORE

3 KONG

Bangladesh flood fight Troops were struggling to re-pair a leaking embankment on the Padma River which was threatening to flood the 250,000 population town of Rajshahi in northern Bangladesh.

Greek church talks

Prime Minister Andreas Papandreon and Archbishop Sera-phim, head of the Greek Ortho-dox Church, agreed to set up a joint committee in an effort to end the crisis in church-state relations.

Sweden takes defector Sweden ignored Soviet extradition pleas by granting political asylum to defector Roman Svistonov, who flew a stolen biplane across the Baltic.

Gotthard tunnel opens Switzerland's main north-south motorway route through the Gotthard Tunnel was reopening for cars, but not trucks, after closure caused by flood dam-

Chirac peace appeal
French Prime Minister Jacques
Chirac flew to New Caledonia
where he offered reconciliation
to separatists who lost the recent referendum on the Pacific

Polish workers protest Some 300 factory workers in Wroclaw, south-west Poland, had signed a petition in support of two colleagues sacked for taking part in a Solidarity rally, opposition sources said.

Apartheld reform plan South Africa's whites could but less substantive relaxations

l. Pretoria's main advisory Olympic mission

Head of the Olympic movement Juan Antonio Samaranch said he would meet Soviet leader Kikhail Gorbachev in an effort to forestall the threat of a Com-munist boycott of the 1988 Games in Seoul.

Indian protest deaths Indian police killed at least 10 people when they fired on farmers demonstrating for drought relief in the southern state of

Gadaffi scepticism A declaration by Libyan leader Muammer Gadaffi that his war with Chad was over was unlike-ly to end the conflict, diplomats said. Page 6

Pope backs migrants The Pope championed migrant farm workers in a speech at Monterey, California.

Managua optimism

Central America's five foreign ministers were optimistic when they began a meeting in Mana-gua with officials from eight other Latin American countries and the UN to plan ways of monitoring a peace treaty for the re-gion. Page 5

Europe .

America ...

Overseas.

Britain ...

Agriculture ...

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Werld Trade

Companies

Companies

Companies

Arroyo goes Philippines President Corazon Aquino accepted the resignation of controversial executive

secretary Joker Arroyo. Page 6 Dial-a-drug foiled Dutch police said they had ar-

American door-to-door pizza

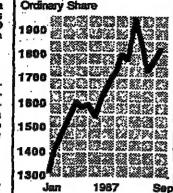
plan to buy **Brockway** for \$744m

Business Summary

a deal worth about \$744m. Page

LONDON: Further positive eco-nomic signals spurred institu-tional investors and the FT-SE 100 index pierced the 2,300 lev-

FT Index Ordinary Share



el for the first time since Augus is it closed up 24.7 at 2,304.5 and the FT Ordinary was 21.8 higher at 1,812.0. Gilts also responded strongly. Details, Page 42

WALL STREET: the Dow Jone industrial average closed down 2.29 at 2,527.90. Page 48

TOKYO: Heavy trade in steel-makers pushed the sector higher but small-lot selling elsewhere left the Nikkei aver-age 112.42 lower at 24.855.31.

GOLD rose in London to \$460.50 from \$458.50. In Zurich, it also rose to \$460.25 from \$458.50. Page 36

DOLLAR closed in New York at DM1.8165, Y143.40, FFr6.0555, SFr1.5060, It fell in London to DM1.8150 (DM1.8155) and Y143.25 (Y144.35), but was un-changed at SFr1.5055 and rose to FFr6.0520 (FFr6.0525). On Bank of England figures, the dollar's exchange rate index fell to 100.9 from 101.9. Page 27

STERLING closed in New York at \$1.6470. It rose in London to 11 6465 (\$1 6455), and FFr9 97(\$L0905 (\$1.025) and FFF9.9700 (FFF9.9600). However, it fell to Y236.00 (Y237.50) and was unchanged at DM2.9875 and SFr2.4775. The pound's exchange rate index rose 0.1 to 73.2 Page 37 of apartheid were proposed in a report by the President's Coun-

MCA, Los Angeles-based enter-tainment group, has examined the possibility of building a theme park in Europe at an esti-mated cost of over \$500m, says Mr Charles Paul, vice president.

G HEILEMAN BREWING, fourth-largest US brewer, has rejected \$1.2bn unsolicited takeover bid from Australia's sources magnate. Page 27

POWER CORPORATION of Canada, financial services and industrial group, is joining Imasco and other large companies in Sutter Hill Ventures, venture capital partnership investing in high technology firms mainly in the US. Page 27

GB-INNO-BM, Belgium's large retailing group, saw six-month sales edge ahead to BFr63.8bn (\$1.69bn). Page 28

EAST ASIATIC, international trading group, made a first-half pre-tax profit of DKr67m (\$9.6m) compared with last year's DKr79m loss, and a profit for the whole of 1986 of DKr385m.

DASSAULT-REEGURT, French state-controlled aircraft manu Sate-controlled arterat manufacturer, saw profits slump by 90 per cent to FFr42.6m (\$7m) for the first-half of 1987 on turnover of FFr6.57bn. Page 28

CREDIT Commercial de France recently-privatised French banking group, made a net profit of FF:214.5m (\$35.3m) in first-half of 1987 and expects a "satisfactory increase" in earnings for

AKZO, Dutch chemicals and fibres group, confirmed it is sell-ing its consumer products divirested a young couple who had advertised a soft drugs home sion to Sara Lee, major US consumer goods company, for FI 1.25bn (\$612m). Page 28

Soviet Union and US to hold talks on nuclear testing

The agreement was reached as Mr George Shultz, US Secretary of State and Mr Eduard Shevardnadze, the Soviet Foreign Minister, unexpectedly extended their three days of talks last night as they tried also to reach an accord abolishing intermediate-range nuclear forces (INF). Their three day meeting, which was originally scheduled to end at lunchtime and to be followed by separate press conferences, was apparently prolonged because of the good progress which was being made. "They are moving ahead on a whole range of issues," Mr Charles Redman, the US State Department spokesman, told reporters after announcing the extension of the meeting.

Mr Gennady Gerasimov, the

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, was even more optimistic, remarking "History is in the

man, was even more optimistic, remarking: "History is in the making."

All the signs were that the ministers had made even better progress than had been expected and that they would be able to announce at the end of the day that they had reached a broad agreement on the abolition of all medium-range missiles worldwide. Such an accord would be the first arms control agreement between the US and the Soviet Umion since the conclusion of the SALT 2 agreement on the limitation of strategic nuclear weapons in 1979.

It is still uncertain, however, whether a date for a summit meeting between President Reagan and Mr Mithail Gorbach—

The Soviet Union, seeking to curb the development of the soc called +Star Wars+ Strategic Defence Initiative (SDI) has linked progress in the negotiations to reduce the number of strategic missile in the superpowers+ arsenals to US acceptance of curb on SDI.

A hint the continuing tensions within the Administration of arms negotiations, and of rumplemented, but the US had previously promised only that they would be withdrawn from German Chancellor, has already given an undertaking that this government would destroy a prover INF deal had been important the US and soviet that the continuing tensions within the Administration of arms negotiations, and of rumplemented, but the US had previously promised only that they had already given an undertaking that they would destroy this government would destroy this government would destroy this government would destroy the control of a provers are adjusted to the same time as the missiles shoud be called +Star Wars+ Strategic Defence Initiative (SDI) has linked progress in the negotiations to reduce the number of strategic missile in the superpowers+ arsenals to US acceptance of urbs on SDI.

A kint the development of the call the same time as the missiles themselves.

A kint the development of the curb frage of undertaking that they had a proverse and the undertaking that they had a proverse aready given an undertaking that they had a proverse areag

the United Nations General Assembly in New York next week.

The ministers began the last day of their meeting in a relaxed frame of mind. Mr Shevardnadze said: "We are beginning today in a good mood," while Mr Shultz said that he and his Soviet colleague had had "a lot of good discussions" of the proposed INF agreement and other issues on the agenda. These included a proposed agreement on reductions of longrange strategic nuclear arms, the limitation of nuclear tests, a proposed ban on chemical weapons, human rights problems and regional issues such as Afghanistan and the sitnation in the Gulf.

Among the problems for which the ministers are believed to have found a compromise formula was the Soviet demand that US controlled warheads on 72 West German Pershing 1A missiles shoud be elliminated at the same time as the missiles themselves.

Mr Helmut Kohl, the West German Chancellor, has al-

THE UNITED STATES and Soviet Union said late last night that they had reached an agreement on the abolition of intermediate range nuclear ment to begin full-scale negotiations on nuclear testing before December 1.

The agreement was reached as Mr George Shultz, US Secret was Mr George Shultz Wr Georg

The Soviet Union seeking to curb the development of the soc called +Star Wars+ Strategic Defence Initiative (SDI) has linked progress in the negotiations to reduce the number of strategic missile in the superpowers+ arsenals to US acceptance of curbs on SDI.

Honda announces 50% rise in US production

BY ANATOLE KALETSKY IN NEW YORK

HONDA, the third largest Japanese car manufacturer and already the biggest foreign car maker in the US, yesterday announced a 50 per cent expansion of its American production increase the local content of its presentation of the second assembly plant will cost \$380m and Ford of some 10,000.

Honda has also promised to In addition, Honda will also be spending \$150m to expand its US. assembled as a to To To year. capacity and a precedent-set-ting plan to start exporting American-built ears to Japan by

next year.

If yesterday's plans are achieved, Honda will not only be building some 500,000 cars a year in its Ohio plants by the end of the decade, but it could soon outstrip the American-owned motor manufacturers as an exporter of US goods.

The strategy, announced by Mr. Tadashi Kume, Honda's president, calls for the export of 70,000 cars annually from the US by 1991. Although this figure includes Canada, as well as Janana and Evenes, suvent Honday pan and Europe, current Honda sales in Canada - around 50,000 uggest that the company hopes

INcrease the local content of its US-assembled cars to 75 per cent by 1991, from its present level of 60 per cent, and to increase its production engineering, research and development spending in the US, to create what Mr Kume called a self-relient US car company.

that US car company.

The exporting strategy is part of a plan to increase Honda's production capacity in the US by a further 150,000 cars a year with the contraction of a result of a re with the construction of a new assembly plant adjacent to the company's present facilities company's present near Marysville, Ohio.

These are expected to pro-

be spending \$150m to expand its recently-completed engine factory which is situated nearby. The additional investment will bring total engine output to 500,000 units by about the end of the decade. the decade.

Honda officials said the com-pany's objective was not just to supply the US market, where it was doing better in expanding its market share than any of its Japanese rivals, but to produce world-class competitiveness.

At present exchange rates and productivity levels, the unit costs for Honda's US-made cars duce 320,000 cars this year, ris-ing to 360,000 in 1988, when the first Marysville plant will have ly after allowing for delivery reached full eapacity. Honda

Puttnam to leave top job with Columbia Pictures

film producer unexpectedly hired by Coca-Cola last year to run its Columbia Pictures film-making subsidiary in Holly-wood, is leaving the job and re-

firms that the imminent merger between Coca-Cola's entertain-ments businesses and Tri-Star Pictures will create a film stu-dio firmly controlled by Mr Vic-tor Kaufman, the present Tri-

Star chairman.

When the merger was originally announced two weeks ago, it was stated that the film production businesses of Columbia

and Tri-Star would continue to be operated separately, although Mr Kanfman would be chief executive of the combined holding company.

He alienated several of Hollywood's most powerful and best known figures in the process, including Warren Beatty and Dustin Hoffman - co-stars of

Paramount.

Yesterday's announcement Warner Brothers.

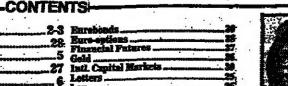
brings to an end a brief but stormy period at Columbia, der which he is obliged to rewhere Mr Puttnam tried to wage turn to Warner Brothers as an independent producer as soon

making subsidiary in Hollywood, is leaving the job and returning to independent film
production.

It now seems likely, however,
that the two operations may cessful comedy Ishtar - and Bill
eventually be integrated, creating that the imminent merger
in Hollywood, after Warner and

By an an individual position of Columbia's disastrously unsuccessful comedy Ishtar - and Bill
eventually be integrated, creating that the imminent merger
in Hollywood, after Warner and switched an important production contract from Columbia to

where Mr Puttnam tried to wage turn to warner producer as soon a one-man campaign against independent producer as soon what he saw as the waste and as he relinquises management extravangance of Hollywood's responsibilities at Columbia. traditional production values Puttnam exit stirs Coke's scepand star system.



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JORDAN IS FORCED INTO UNACCUSTOMED

ECONOMIC AUSTERITY

Prime Minister Zeid al Rifai insists the country is in 'very sound shape', Page 6

South Africa: President's Council reviews apartheid. Management: Saatchis' search for seri-

ous money ... Technology: Electron-beam welding, a perfect marriage and hang the ex-

Editorial comment: Presidency in Mexico; US threat to open trade Lombard: why the bezzle is rising 25 Lex: Guinness; markets; Reckitt and Colman; RTZ 26

Hollywood; Puttnam's final reel 27 Survey: Office property



Luis Carlos Bresser Periera: serious negotiations

Brazil to present new debt plan to banks

BRAZIL plans to present a BRAZII plans to present a new formal debt proposal to its leading creditor banks at a meeting on September 25, just before the international financial community gathers in Washington for the annual meetings of the International Monetary Fund and the World Bank.

Bank.
Mr Luiz Carlos Bresser Fereira, the Finance Minister, said the country would not lift its seven-month-old suspension of interest payments on \$68bn of debt to banks. This was because it wanted to convince banks that they peeded to be more innovative and serious in considering alternative proposals.

proposals.

"Brazil wants a long-term solution to the debt problem that assures growth and price stability for the country, a rejute-gration into the international financial community and a reasonable solution for the banks," Mr Bresser Pereira said.

"The fact that we are going to negotiate seriously should be enough to prevent the banks from having to reclassify their leans," the minister said in a reference to the October deal-line when US regulators may downgrade Braxilian loans, forcing new lean loss provi-sions.

Mexico, Argentina and the Philippines. Mr Bresser Pereira ruled out

a short-term route in which Brazil would raise an interim bank lean in order to repay in-

Interview, Page 5. World Bank report, Page 3

Hill Samuel rejects offer from Saatchi

business services group, but had turned it down.

The talks, which were initiated last Friday, ended shortly before lunchtime yesterday.

A spokesman for Hill Samuel spokesman said that the terms being offered by Saatchi were not acceptable and that the takeover proposal lacked commercial advantage. He declined to say what the terms were.

This is the first publicly con-

This is the first publicly con-This is the first publicly confirmed bid approach received by Hill Samuel, which has been beleaguered since the collapse of its merger talks with Union Bank of Switzerland last month. It is also the second known approach by Saatchi to a UK bank in the last few days. At the weekend it confirmed that it had contemplated an offer for the Midland Bank. the Midland Bank

HILL SAMUEL, the troubled UK merchant bank, said yesterday that it had received a take-over approach from Saatchi & fered to buy the entire group, and mentioned a possible purchase price. He also guaranteed to protect the independence of the talks, which were initiated last Friday, ended shortly

Mr Davies has completed a strategic plan for Hill Samuel which he presented to the board earlier this week. The spokesman said that the board had approved the plan, and Mr Davies was now working on it. Clay Harris adds: By last night, Saatchi had not made any statement about Hill Samuel. Earlier this week, Saatchi said that it was in discussions about possible takeovers - or other forms of partnership - with a number of British financial services companies, which it desired. Saatchi was represented at possible takeovers - or other possible takeovers - or other forms of partnership - with a number of British financial services companies, which it dechairman, and Mr David Davies, Management: Page 8

Management: Page 8

Marshall Field to get \$110m facelift

MARSHALL FIELD, the 19th MARSHALL FIELD, the 19th century downtown Chicago department store which made its name by "giving the lady what she wants," is to receive a \$110m facelift in the biggest single renovation project in US retailing history.

Owned by BAT Industries, the British tobacco-based multing-

Owned by BAT industries, the British tobacco-based multinational, the 73-acre store on State Street, Chicago, is the world's second largest after Macy's in New York City.

BAT said the project represented 's landmark' in the retail and financial renaissance of the city's central business district, Chicago's city fathers are also expected to approve Mr Fernande Milliet, president of the central bank, and financial renaissance of the city's central business district. Chicago's city fathers are also expected to approve soon the construction nearby of Block 37, a development including two new towers with 1.5m square feet of office space.

The five-year Marshall Field

The five-year Marshall Field renovation plan includes the creation of an 11-storey atrium as the store's centrepiece. Con-struction is expected to start in January and continue until 1992, with the store remaining open during the work.

The project has been designed by Hambrecht Terrell



International, a US retail design consultant whose other cli-ents include Bloomingdale's, It will be the biggest so far of

Continued on Page 26

PARIS La Défense

350,000 sq ft office development scheme acquired by Clients of Healey & Baker

£100,000,000

PARIS Parly 2

250,000 sq ft development extension to the regional shopping centre acquired by Clients of Healey & Baker

> £50,000,000 BRUSSELS

2 major city centre office investments sold by Healey & Baker

1,20,000,000



AMSTERDAM · BRUSSELS · GLASGOW JERSEY LONDON NEW YORK · PARIS

Bonn foresees higher budget deficit

THE West German Government, facing lower tax revenues as a result of a sluggish economy, has admitted that the federal budget deficit this year is likely to be DM 29bn (£9.75bn), DM 3bn more than

Tietmayer, state secretary at governments, planned origin-the Finance Ministry, has con-ceded that the Government has a "credibility problem" in try-ing to restrain budget expendi-around DM 10bn, the Bundes-According

this year compares with the relatively high spending with the overall government need to turn expansionary to DM 22.3bn projected in the growth. Although the central shortfall foreseen rising to try to head off the danger of a spring and the figure of government will probably keep DM 65bn in that year. Both world downturn caused by a DM 26bn given by Mr Gerhard its rise in spending to the these figures now seem possible recession in the US.

published today, also focuses on (£9.75bn), DM 3bn more than growing public sector deficits.

announced only last week.

At the same time, Mr Hans of central, state and local

ster, in the Bundestag last ary plans, the Laender (states) week.

has already run into criticism from its own business and conservative supporters over plans for a further increase in deficits in coming years as a result of tax cuts planned in

ing to restrain budget expending to projections the summer, years.

The DM 29bn deficit foreseen this year compares with the summer than the summer to projections the federal deficit was expected above all from taxes, as well as the federal deficit was expected above all from taxes, as well as the federal deficit was expected above all from taxes, as well as the federal deficit was expected above all from taxes, as well as the federal deficit was expected above all from taxes, as well as the federal deficit was expected above all from taxes, as well as the federal deficit was expected.

Stoltenberg, the Finance Mini- 2.5 per cent foreseen in budget- considerable under-estimates. assuming that the Government 1990 tax-cutting plans which The Bundesbank, the central ture beyond the 3 per cent still have to go through a bank, in its latest annual report published today, also focuses on The centre-right Government process—actually go ahead.

The Berlin-based German Economic Institute, meanwhile has delivered a stiff warning against any government plans to cut expenditure to try to limit increases in budget descrits in coming years.

Labriling such a policy "short-tighted," the institute says in its latest report that European budgetary policies need to turn expansionary to

West Germans spend more and save less

WEST GERMANS are spending more on goods and holidays abroad and saving less, a trend which could lead to a steady reduction of Germany's high surpluses, according to the latest monthly report of the Bundes-

With private consumption up with private consumption up strongly again this year—retail turnover was 4.5 per cent higher in July than the same month of 1986—private savings fell by a tenth in the second quarter over the first quarter. Germans saved, on average, 13 per cent of their disposable incomes against 14.5 per cent a

Bofors faces

tions supplied from sources within Bolors.

According to these sources an order was placed with Bofors in September 1985 for the delivery of 18 howitzers to Singapore. One of the sources that the first ford destination

was Iran. Singapore has been shown in

of weapons to the Middle East,

The Swedish authorities and

Bofors have hitherto denied any knowledge of such an order

to Singapore. Yesterday it was confirmed, however, that Bofors

Austrian arms

charge man

to be held

By Judy Dempsey

the foreseeable future.

Austrian law.

detained a formight ago after police raided Noricum's premises and confiscated docu-ments apparently related to the

company's illegal trading activities with Iran in 1985 and

Developments took a bizarre turn this week when a Voest-Alpine spokesman said the

The Green Party has called

for a full debate on the issue

questioned the need for arma-

ments factories in neutral

Austria. The conservative

People's Party says it wants

parliament to be more informed

about export activities of the

arms manufacturers. The Socialist Party has ruled out

any inquiry until investigations

by the justice authornes — Linz, the headquarters of Voestthe justice authorities in

first

have

when parliament meets and has

summer of 1986.

fresh arms

year ago, the report said. Both figures are seasonally adjusted. They also took out 20 per cent more long-term bank credits than a year ago, mainly to finance new cars. But short-term borrowings and overdrafts were down.

Car makers and retailers resolution for makers and retailers and retailers of 1986. Overall, dispersion were also benefiting from the rise in surpluses came through increasing sales abroad being textiles, clothing and shoes, porta as domestic demand strengthened. So far, the current account surplus has hardly changed, despite the D-mark's advance. Period of 1986. Overall, dispendent of 1986.

profited from the greater readiness of Germans to spend, with new registrations for private use up by 7 per cent in the April-July period over last year. The volume of spending prob-

term borrowings and overdrafts were down.

Car makers and retailers profited from the greater readiness of Germans to spend, with new registrations for private use up by 7 per cent in the April-July period over last year.

The volume of spending probably rose much more than unit sales, with higher prices for better equipped models.

It was up by 12 per cent in surplus has hardly changed, April-July over the same despite the D-mark's advance.

April-July over the same despite the D-mark's advance.

In May-July, Germany's current process the period of 1986. Overall, disposable incomes were 3.5 per cent in May-July, Germany's current prospective than in the second quarter than in the year-ago the same as the previous three months' averageand DM 1.5bn over the same period of 1986.

Noting that exports were over the same period of 1986. But the Bundesbank said the arriver weakness caused by the strong D-mark, the central bank the resumed, as imports rose in volume and price.

Hanoi seeks ties with Brussels

BY WILLIAM DAWKINS IN BRUSSELS

allegations A SWEDISH peace organisa-

tion yesterday published fresh claims of attempted arms smuggling to Iran by Bofors, the Swedish weapons manufac-turer and a subsidiary of Nobel Industries. The latest allega-tions concern the supply of field artillery systems (howitzers).
The Swedish Peace and Arbi-The Swedish Peace and Arbitration Association (SFSF), which has already played a central role in earlier revelations about Bofors weapons smuggling to the Middle East including the supply of Bofors RBS 70 ground to air missiles, yesterday revealed new allegations supplied from sources

The EC has been discussing Comecon."

Whether to establish formal Brussels does not want to inrelations with Comecon for the crease Comecon's powers to in-

A Commission spokesman confirmed yesterday that Vietnam would be given an answer and that its request "would be treated separately from the rest of the political process with Comeron."

VIETNAM YESTERDAY became the first non-European member of Comecon, the Soviet individual members rather than by treating it as a single block, individual members rather than by treating it as a single block, individual members rather than by treating it as a single block, individual members rather than by treating it as a single block, individual members are down in 1981 because Comecon terms by dividing the organisation. The Community ran a suthority over bilateral trade, silobn trade deficit with East rather than letting its member states negotiate independently.

A Commission spokesman confirmed yesterday that Vietnam would be given an answer that its request "would be given an answer of the political process with conformed process with the EC. The componies of the first non-European two pressing to reinforce links with by treating it as a single block, as id to fear that the EC is aiming to get more favourable down in 1981 because Comecon terms by dividing the organisation. The Community ran a suthority over bilateral trade, silobn trade deficit with East rather than letting its member states negotiate independently.

A Commission spokesman confirmed yesterday that Vietnam would be given an answer treated separately from the rest of the political process with

Hungary, Romania and Czechoslovakia have also started bilateral talks on trade and co-operation with the EC. The remaining members are the Soviet Union, Bulgaria, East Germany and Poland.

Gibraltar storm breaks Bonn's EC on European Parliament

BY QUENTIN PEEL IN BRUSSELS

THE ANGLO-SPANISH dispute over the sovereignty of Gibral-tar brought stormy scenes, embarrassment and dismay to the European Parliament in Strasbourg yesterday.

previous deals to have been used by Bofors as a trans-shipment point for the re-export Sir Joshua Hassan, the Chief Minister of Gibraltar, was both the cause and the victim of the row which brought British and Spanish members of the Parliain order to circumvent Swedish erms exports regulations.
It is claimed by SFSF that ment into conflict, and has left the European Democratic Group, a conservative alliance of British, Spanish and Danish MEPs, licking its wounds. the order was stopped by some-one in the Swedish Government —possibly Mr Olof Palme, the then Swedish Prime Minister who was assassinated by a still unidentified gunman in Stockholm on February 28 last year.
According to the Bofors
sources the Singapore order
was freed later in 1986, but it is
still unclear whether the
artillery systems were in fact
delivered.

Sir Joshua claimed yesterday that he had been humiliated by Lord Flumb, the president of the parliament, who changed the venue of their meeting from his own office at the last minute, apparently out of nerrousness at the Spanish backlath

The whole affair centred on the question of whether a visit by Sir Joshua to the Parliament, for the first time since Spain joined the EC, was actually an official or unofficial had made a tender offer for 18 howitzers to Singapore in the



probably quit the group in pro-test. There were also unseemly rows within the Socialist group, which contains major contingents from both Spain and the British Labour Party.

Sir Josuha was left seething for 35 minutes in the President's ante-chamber on Wednes-day night, before being escorted to the new location in the resi-dence of the British permanent If it was official, then Spanish members of the Alianza Popular, junior partners with the British Tories in the EDG, let to accept a drink, and stormed it be known that they would out of the meeting.

nomination sparks row

By David Marsh

THE BONN Government's Schmidhuber, from the right-wing Bavarian Christian Social party, as one of West Germany's EC Commissioners, has run into strong protest from the opposistrong protest from the opposi-tion Social Democrata.

At the bidding of Mr Franz-Josef Strauss, the CSU leader, Chancellor Helmut Kohl de-cided to put forward Mr Schmidhuber to replace the late Mr Alois Pfeiffer, one of Bonn's

two Commissioners in Brussels, who died during the summer. Mr Schmidhuber, 55, at present the Bavarian state govern-ment's official responsible for federal relations, is planned to take over Mr Pfeiffer's responsi-

bilities for regional and labour policies and statistics. Mr Hans-Jochen Vogel, the SPD chairman, said Mr Kohl's decision broke with the established tradition that one of

Bonn's Commissioners come from the opposition.

Mr Karl-Heinz Narjes, the senior West German Commissioner responsible for industry, is a member of Mr Kohl's Christian Democratic party, and has often been fiercely criticised by the CSU, while Mr Pfeisser, a former trade union ist, came from the SPD.

Hungarian democracy call gains support

By Leslie Colitt in Budapest An "Open Letter" to the Hungarian Parliament, calling for the Communist Government to be made "responsible" to the legislature, yesterday gained its most prominent and crucial

supporters. Mr Rezso Nyers, the father of Hungary's economic re-form, said he agreed with the need for parliamentary
"control" of the one-party
Government. Mr Nyers, a
member of both the party's central committee and parlia-ment said a system of "political democracy" must be created in place of the present one.
"In the distant future," he

"In the distant future," he said Hungary should have a "multi-party system as in the West." But the immediate goal was to achieve the greatest degree of "pluralism" in a one party system. Mr Nyers spoke in an interview yesterday at the Hungarian Parliament which debated the Government's austerity programme to deal with a worsening economic situation. On Wednesday he was given a sustained ovation by fellow deputies when he urged a reform of economic planning in which "counter or alternative plans" would be drawn up by non-government econo-

by non-government econo-

The "open letter to Parlia-ment" meanwhile, was The "open letter to Parliament" meanwhile, was surreptitionsly circulated by deputies to those who had not yet received it in the mail. Signed by 100 mainly white collar workers including several officials and party members, it was an ambitious challenge to the Communist Party and Government, in line with calls in recent months for the liberalisation of the media and wholesale reform of the economy and political system.

system.
While asking deputies to demand a greater role for Parliament, the letter also said they should call for freedom of the press, guarantees for personal freedom, "market control" of most economic activities and equal opportunities for the state and private sectors of the

economy.

The most senior official to sign the "open letter" was hir Lazzle Antal, director of a finance ministry research institute which has recently called for far-reaching economic, and political references in Hungary. Other forms in Hungary. Other signaturies included econoand film-makers, such as Mr Miklos Janeso, one of Hungary's best known directors. Fewer than 20 of the signatories were political

dissidents.
Mr Ferenc Koszeg, an oppe-sition historian who helped draft the "open letter" said it could have gained 360 signatures but that this was not the aim. Its greatest weakness he said was the lack of company managers among the signatories. "We do not yet have the connections," he admitted.

The ornate Hungarian Par-The oraste Hungarian Far-liament yesterday was again shaken out of its customary torpor. Mrs Erika Szitesa, a non-communist deputy, chas-tised the Government for allegedly setting aside an un-accounted chunk of the cur-rent budget to pay off last year's deficit.

Mrs Suites, a doctor, said she could not vote for the austerity programme unless the Government made several changes. The austerity Bill however was expected to be advented vectories don't be austerity was expected to be adopted yesterday evening de-spite some opposition votes.

Goria's Gulf fleet hopes

Communist reformer may run for French presidency

BY PAUL BETTS IN PARIS

MR PIERRE JUQUIN, leader of the reformers in the French Communist Party, is expected to amounce next month his decision to run in the presiden-tial election next year. This would embarrass and

anger many in the party, which has already picked its presidential candidate and is struggling to halt its electoral decline. Mr Judgin, who resigned from the party's central committee last Juquin, who resigned from the party's central committee last summer, would directly challenge Mr André Lajoinie, the official Communist candidate, seen by many as the chosen successor of Mr Georges Marchais, the party's secretary-general.

During the past two years, hir Juquin has led the dissident movement of the "renovators" in the party, which is campaigning for a shift from the party's traditional hardline Moscow-oriented policies. The Communist leaders have made covery effort to silence the dissidents and have vehemently dents and have vehemently opposed the intended shift, by which the party might reclaim some popular appeal by becoming more democratic in its internal structures and more in tune with the recent social and economic evolutions in France.

Mr Juquin plans to seek the support of not only discontented Communist voters but also of adherents of such smaller move-ments of the far left as the Unified Socialist Party, plus the greens, and voters of Arab and immigrant origin. Minority ethnic communities in France are worried by the attitude and electoral prospects of the National Front.



Jequin: unofficial candidate

However, his advance could be However, his edvance could be undermined by what appears to have been a big political blunder this week when he suggested that the Nazi gas chambers were only a "detail of history." This provoked a political storm, condemnation by all the main parties and a demonstration outside the demonstration outside the National Assembly yesterday to seek the lifting of Mr Le Pen's parliamentary immunity.

Mr Juquin is hoping to gain about 5 per cent of the vote, or at least to do as well as the official Communist candidate. His gamble in deciding to run against the official candidate seems part of the drive for change in the party. If he were to mount a visible challenge to the official candidate, the traditional in the candidate of the candidate. Mr Jean-Marie Le Pen, its might well have to reassess leader, is expected to win 10 to their attitude to internal 15 per cent of the national vote.

Balladur under attack for privatisation conduct

Mr Edouard Balladur, the

Mr Balladur, who has pre-viously greeted criticisms of his privatisation techniques with equanimity, challenged Mr Joxe to back up his charges about the "scandal of the privatisations." Mr Joxe declined to meet the minister.

The Socialists have hitherto had little success in attacking the privatisation programme for selling off the family silver or for fixing too low a price for the companies to be sold. Supporters of Mr Raymond Barre, the rival to the right of Mr Jacques Chirac, the Prime Jacques Chirac, the Prime Minister, have also criticised the Balladur's distribution of a "hard core" of stable shareholders. Mr Joxa and Mr Pierre Beregovoy, the former finance minister, now appear to have begun a concerted assault on the "cronyism" thems.

The dispute focusses on the had little success in attacking

The dispute focusses on the "hard cores" of shareholders which Mr Balladur has selected ahead of the main public share offer for each of the main pri-

The minister recently defended himself against the charge that he had mainly placed his

FRANCE'S RIGHT wing political aliles in these hard Government is coming under cores. He claimed that so far attack for its conduct of the 52 separate groups had received programme to privatise 65 state stakes in the hard cores, and sector companies—until now its that no group had received least disputed political success, more than two stakes. But Generale des Eaux, for

Mr Edouard Balladur, the Finance Minister, yesterday reacted angrily to the accusations of Mr. Pierre Joze, parliations of Mr. Pierre Joze, parliation Socialist Party, that a small group of people had "used the apparatus of the state to the profit private interests."

But Generale des Eaux, for example, the cash-rich leading French water supplier, has stakes in four of the newly privated companies, while the new board of Havas, the advergroup of people had "used the tising group privatised in May, looks like a roll-call of the friends and relations of Mr. Balladur's RPR party.

Yesterday's nomination of Mr Ambroise Roux as future president of Generale Occidentale provided further ammunition for critics of the domination of the newly privatised companies by a "Balladur gang."

Mr Rous, president of Compagnie Generale des Eaux before its nationalisation in 1982, hired Mr Balladur to head

was necessary to create the hard cores in order to protect the newly floated companies from immediate takeovers.

Using "golden shares" to protect against undestrable raiders would only put off the problem by a few years. Mr Balladur believes, although he has created golden shares for a few companies, mainly defence sector.

Carrington puts stress on US role in Europe

THE IMMINENT accord by the THE IMMINENT accord by the superpowers to scrap their Euro missiles will "change the landscape of European security," but should not weaken the US commitment to defend Western Europe, Lord Carrington, the Nato secretary general said yesterday.

"Hesh and blood," said Lord Carrington referring to the

"Flesh and blood," said Lord Carrington referring to the 326,000 US troops stationed in Europe, "count for more than abstract deterrent concepts." At the same time, he said, the Intermediate Nuclear Forces treaty discussed by US and Soviet foreign ministers in Washington this week would leave Europe "less nuclear, but not denuclearised." Retention of some nuclear weapons remained key to Nato strategy, he said.

Speaking to the Royal Instiinte of International Affairs in London, Lord Carrington appeared to be launching a bid to use his last year in office as Nato's most senior official to ease Western Europe's tran-sition to a post-INF treaty world.
On the one hand, he sought

he said.

On the one hand, he sought to reassure European conserva-tives, in government and in uniform, that removal of some 300 US. Pershing and cruise missiles in an INF accord would not lead down "the slippery slope of de-coupling" the US from Europe.



There was, he said, "no special magic" about INF forces. Nato had operated its flexible response strategy before the INF missiles started arriving in 1983, and could do so

after they left.
On the other hand, he seemed to be warning Europe's arms control lobibes and peace movements against euphoria about Nirvana. Nato needed, he said, to carry out its 1983 decision to upgrade short-range battlefield nuclear weapons, and partly so that West Germany be not be left as the sole deposi-tary of all of Western Europe's remaining non-strategic nuclear firepower, nuclear-capable air-craft flown other countries such

more important.

Lord Carrington recognised that relying more on the "flesh and blood" deterrent of US troops in Europe begged the question of whether the alliance could solve its burden-sharing. arguments and whether Europe could persuade the US to maincould persuade the US to main-tain its troop presence by doing more in its own defence.

If Americans came to think their contribution was charity, then Nato was in trouble, he warned. "There is nothing more unlikely than the survival of Nato if it were felt by the North Americans that they were doing a favour to the Euro-peans out of friendship and good nature," he said. So far, US administrations had firmly

believed European security to be vital to US security. Agnelli speaks on scandal

THE FORMER director of Noricum, the weapons division of Voest-Alpine, Austria's largest state-owned steel and engineering group which is under investigation for illegally selling arms to Iran is to be kept in detention for the foreseeable future. POLAND'S NEW trade unions have urged the Government to drop attempts to decentralise prices and incomes policy in favour of centralised wage bargaining backed by price controls designed to slow inflation.

National Eank is urging a slow-ing in the rise in the cost of living.

So far this year the average wage has grown by 21 per-cent leaving the Government's attempts to impose a 12 per cent ceiling on pay this year in tatters. The unions' policy is set out

in article this week by Mr Leon Podkaminer, their top economic Podkaminer, their top economic adviser, in the movement's newspaper, Zwiazkowiec.

It comes as the Government continues to debate the problem of how to deal with the country's chronic imbalance between supply and demand.

Determinent to drop plans to decentralise wage decisions down to company level as well

Polish unions' demands

Prices are also increasing in

excess of 20 per cent. The unions, which now claim 7m

The Finance Ministry is down to company level as well pressing for hig price increases as free prices, all of which is next year to soak up excess in line with the official ecodemand while the Central nomic reform programme.

Sponsorship in arts urged

EUROPEAN culture ministers EUROPEAN culture ministers yesterday urged businesses to invest more money in the arts but warned that safeguards should be implemented to protect creativity and freedom of expression, Our Lisbon Correspondent writes.

Culture ministers from the 21-nation Council of Europe, meeting in the historic Portu-guese town of Sintra for their fifth conferences, approved a series of resolutions to promote greater private sponsorship of the arts.

The ministers, apparently troubled by the thought of operat singers wearing company logos on their costumes, particularly emphaside the need to the arts.

BY JOHN WYLES IN ROME MR GIOVANNI GORIA, the Italian Prime Minister, will be hoping for a public welcome for his Government's decision to

his Government's decision to send a naval taskforce to the Gulf when he meets Mirs Margaret Thatcher, the British Prime Minister, in Downing Street today.

Mr Goria and his colleagues have been distressed by the absence of any visible appreciation from leading allies for the Italian contribution to maintain ing freedom of navigation The eight-vessel task force set sail last Tuesday after an anxious farewell, not only from the relatives of the 1,200 crew members, but also from Italian politicians. The most notable exception was the Italian President, Francesco Cossiga, whose

personal opinion of the venture is unknown but who failed to send the crews any message of Ministers feel that allied governments have failed to understand and appreciate the political ordeal to which the five-party coalition subjected itself once it decided to send the task force.

BY ALAN FRIEDMAN IN MILAN

MR GIANNI AGNELLI, the Fiat chairman, yesterday broke letti and his family all my life his silence on the Italian arms and have given our full confiscandal which has seen the arrest of a close friend and business colleague—Mr Ferdinando Borletti—on charges concerning the clandestine shipment of mines to Iran.

Mr Giuseppe Santaniello, the Italian parliament's media watchdog, has told a parliament tary commission that the Fiat

sionally on Monday after ten days in prison, is chairman of Valselia Meccanotecnica, the Brescia arms company accused

Mr Giuseppe Santaniello, the Italian parliament's media watchdog, has told a parliamentary commission that the Fiat group is in violation of Italy's laws on press ownership because it controls both La Stampa, the Turin daily, and indirectly the Rizzoli group which publishes Milan's Corriere della Sera.

protect artistic integrity. Albania and West Germany agree to establish diplomatic links

Alpine spokesman said the company was continuing negotiations with Iran to build a factory which would include a weapons division. Selling weapons to countries at war and building factories exclusively for military use is strictly forbidden under

BY JUDY DEMPSEY IN VIENNA ALBANIA and West Germany have formally agreed to estab-lish diplomatic relations, signalling Albania's further opening to the West.

The announcement, made in the Albanian capital of Tirana and in Bonn earlier this week, follows years of negotiations between the two

One of the main obstacles to establishing relations centred on West Germany's

unwillingness to pay war reparations. Diplomats in Vienna who have been following the negotiations said the question of reparations had been overcome, but could give no more details. The establishment of relations with West Germany follows a recent spate of diplomatic activity by the Albanian Government. Last week, Albania established diplomatic relations with Canada. In August the Greek

Government ended the state of war with Albania imposed 40 years ago, opening the way for a rapprochement. Thrana also recently established relations with Bolivia and Spain, The cautions opening by this small Balkan country of 3m people to the outside world is largely due to the policies of Mr Ramiz Alia, the leader of the Albanian Communist Party. He succeeded Mr Enver Hoxha, who died in April 1985. After Mr

Hoxha broke relations with the Soviet Union in the 1960s and with China in 1970s, the country moved into a period of isolation which has hampered economic development.
In a policy speech to the
central committee in July,
Mr Alia said that "our foreign policy, our development can-not be separated from the events in the world." He then criticised the performance of some sectors of the economy, saying that

export earnings were not high enough to buy necessary new technology to develop industry.

The establishment of relations with Bonn will give Albania greater access to markets. Mr Alia, however, insisted that the country's independence and political system would not be compromised by any foreign policy initiatives.

Meanwhile, negotiations to

improve relations between

Britain and Alania continue. Albania is unwilling to pay damages for British warships which were mined in the Corfu channel in 1946 and Britain refuses to return to Albania \$70m worth of gold held since the war against the British claims.

Diplomats in Vienna say they are "a little more opti-mistle" about the future pre-gress of these thalks now that the question of German war reparations has been settled.

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Norway blocks sale of missiles

NORWAY has rejected a request by siles to Venezuela, Singapore, Instate arms manufacturer Kongs donesia and Thailand. berg Vaapenfabrikk (KV) - facing US anger over technology sales to Moscow - to sell missiles to four developing nations, government offi-cials said yesterday, Reuter reports

Defence industry sources warned that the move could cripple sales of KV's Penguin short-range missiles, its most actively marketed product, and push the company closer to

KV posted an NKrl.1bn (\$185m) loss in the first half of 1987 and is being restructured to save its weapons division. The company had sought permission to sell the mis-

We turned down the application because we don't want to become a major weapons exporter - and the more we export the more difficult it is to ensure the weapons stay in the

spokesman said. Norway restricts the sale of military equipment to fellow members of Nato and the Organisation for Economic Co-operation and Devel-

right hands," a Defence Ministry

The Defence Ministry denied that the decision was linked to KV's 1982 and 1983 sales of computer gear, used on milling machines from a subsidiary of Toshiba of Japan, to Leningrad shipyards.

Washington defence experts have said the sales, in breach of Norwe gian export law, damaged Western security by enabling the Soviets to make nearly-silent submarine pro-

Norwegian police are investigat ing all KV exports to see if there have been other illegal sales.

The US navy is testing the Pen guin missiles for use on belicopter gunships. The deal, if approved could earn KV about \$100m.

However, government and diplo matic sources in Oslo said a deal could be blocked by Congress. The Senate has already voted a punitive ban on all trading with KV and

Awacs scan Nato's borders

tains of central Norway, Nato radar operators scanned screens alive with tiny green blips in a constant penetrating allied airspace, Renter

The second secon

Tingfon: "Fiere

magne" eng Nata hai spen

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Application of the same of the

100 mm 100 mm

high-pitched whining of computer consoles filling the plane, they were part of a 17-man crew on the first flight to carry reporters aboard a Nato Awacs-aircraft

"Awacs (Airborne Early Warning and Control System) are one of the strongest cards held by the Western alliance in the age of electronic warfare, US Air Force Maj David

They gather their information through sensitive electronics systems packed in an ungainly, mush-room-shaped dome perched just in front of the tail of this military version of the Boeing 707 passenger

Officially known as the NAEW peer into Soviet territory to watch force (Nato Advanced Early Warning and Control Force), the aircraft are manned by crews drawn from base commander, Lt-Col Ivar Ue-

Awars were developed by the US, the 1970s in response to Soviet be fed via satellite to the ground deployment of sircraft and cruise and naval forces, leaving the decimissiles designed to escape detec-tion by conventional ground radar incursion to the high command of stations as they hug the terrain dur- the nations whose air space they

purely one of defensive surveil-lance," Maj Schmidt said.

From a cruising altitude of 29,000 ft they command a view of all air miles from Warsaw Pact borders. Despite their advanced surveillance equipment, they would make easy targets if caught unescorted in a conflict.

Norway, to keep East-West bor-der tension low, bans foreign military flights within 75km of Norway's border with the Soviet Union. But even at this distance we can

ar platforms looking down to spot to's northern flank play an integral low-flying aircraft. Our mission is role in monitoring Soviet air traffic,

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with airborne electronics

search for unidentified aircraft and sea traffic over an area of some penetrating allied airspace, Reuter 312,000sq km, keeping 20 nautical eports from Oslo. Oblivious to the bright light and

> In theory, you can't sneak up on an Awacs. But they carry no weapons, and would be sitting ducks if attacked, said Maj Schmidt.

Nato has since 1982 maintained a fleet of 18 Awacs; based at Geilentirchen, West Germany, and with regular flights out of Italy, Greece, Turkey and Norway's Oerlandet Air

ing flight.

These are basically airborne rad—
Their regular missions over Na-

"We send up fighters nearly every other day to intercept Soviet air craft, often Bear-class reconaiss ance planes, who stray too far west or too far south into Norwegian air

space," said Lt-Col Ueland. Interception usually means iden ifying and photographing Soviet aircraft, after which they are ush-ered at close range back into international air space.

Flights over central Europe, be are easily the most demanding on "On busy days, we'll see up to 450

man said. "But that gives us plenty to do, and is a lot more interesting than flights over eastern Turkey where there's almost nothing to look at," he added.

electronic equipment packed into the windowless fusalage, officers said all the hardware can be bought over the counter in most Western

But an Awacs \$150m price tag would likely discourage even the most dedicated electronics enthnsiast from tackling such a project.
Missions usually last eight days, including numerous fuel stops. Even with mid-air refuelling, an Awacs can stay aloft no longer than 24 hours, and rarely more than one third of the fleet is airborne at any

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🎙 Copenhagen (01) 134441 And ask K. Mikael Heiniö

Alexander Nicholl reports on a plea for finance to back poor nations' reforms Greater effort urged to ease debt problem

THE World Bank calls today for stepped-up and integrated efforts to tackle the debt problems of developing countries. Debt, it says, is "a major obstacle that must be cleared from the development path."

In its annual report for the fiscal year ended June 30, the Bank says that both heavily in-debted middle income coun-tries and low income nations in sub-Saharan Africa have been particularly hurt by the recent economic climate even though many in both categories have been pursuing policy reforms. Slow growth in industrialised countries, worsening terms of have caused slow growth in

middle-income economies.

"Adjustment programmes involve difficult choices for governments, and political support cannot be sustained unless

cannot be sustained unless adequate finance needed to

implement these programmes is made available," the Bank

Says.
It says commercial banks

have made very few new finan-

cing commitments, and that multi-year rescheduling agree-

therefore, that efforts aimed at ameliorating the debt problem

be integrated and that the en-tire arsenal of available instru-

ments be employed."

Though these instruments include debt/equity swaps, the Bank cautions that too much

should not be expected of them

Only 1 to 2 per cent of the debt of major debtors was traded in

Though the Bank praises the

ments have not become

capital increase

institutional and political constraints, the social costs, and the financial requirements to sustain the reform process con-

A Bank study shows that several such countries will still face GDP growth below the rate of population growth in the next three years and many will have stagnant or declning per capita consumption. "Substantial additional resources are urgently needed, particularly, but not exclusively, for the debt-

A World Bank official said that a joint IMF/World Bank 1986, it says.

The Bank urges more multiper reschedulings, official export credits as well as other measures and stresses that all parties — both governments distressed nations in Africa measures and stresses that all week shows that debtmeasures and stresses that an parties — both governments distressed " nations in Allina parties — both governments distressed " nations in Allina parties — both governments distressed " nations in Allina parties — both governments distressed " nations in Allina parties — annually in order to reduce their debt — annually in order to reduce their debt service down to a manageable

level.

run into opposition from some other industrialised countries which object to lowering interest rates. The Bank clearly believes that it has been playing its part in financing troubled lebtors. World Bank commitments to the 15 heavily-indebted countries covered by the US-sponsored Baker Plan have exceeded \$33bn since 1981, of which almost half was in the past three fiscal years.

Disbursements have accelerated because a growing number of loans have been quick-disbursing. The Bank's lending to the poorest countries and the poorest countries and the poorest in the tries rose 9 per cent in the last fiscal year to \$6.4bn. In the past fiscal year, new loan commitments by the World Bank and its International Development Association affiliate rose 8 per cent to \$17.7bn. The Bank's were up 7.7 per cent

at \$14.2bn. Disbursements by the Bank rose quite sharply, up \$3.1bn at \$11.4bn, because of a growing proportion of fast-disbursing adjustment loans. IDA disbursements fell \$67m, however, to \$3.1bn.

When maturing loans are taken into account, the net transfer of resources to bor-rowers fell from \$2.8bn to \$2.4bn despite the big increase of dichersements

commitments to be between \$14bn and \$15.5bn this fiscal year and the IDA's about \$4.2bn. Bank commitments are expected

The Bank, however, is increase ingly conscious that it will soon run up against capital con-straints and has therefore begun sounding out major indus-trialised governments on a sub-stantial capital increase, officials

Saharan countries for their per- Britain has proposed a debt The Bank's "headroom" to Bank's report are: a means to support economic sistence and depth of their relief scheme for Paris Club make new loans is being increas. The Bank took a \$57m reform in a way that project-policy reforms, it says that the sovereign creditors of the ingly restricted by the fall of special charge for costs of its lending could not.

Total income Net income 11, 58,5 number 129 131 43 4 Borrowing countries Member countries Higher-level staff 43 142 Credit amounts 30,910 33,295 39,167 Operations approved Borrowing countries Member countries

value of many of its loans which are denominated in strong nondollar currencies. The Bank's lending is not allowed to exceed its capital, which is denominated

in dollars. Committed capital is cur-rently \$90bu, and lending some \$76bn, giving headroom of \$14bn. The situation is not yet ments are expected to total only about \$4bn anually over

the next couple of years. Mr Barber Conable, the Bank's president, has been talking of a \$60bn to \$80bn capital increase and has met a favourable response from European and Japanese governments for fairly prompt capital boost, officials say. However, the main stumbling block will be

Among other features of the

internal reorganisation, which ticularly illustrative is a list of the Bank's senior executives as at the end of 1986, and a second list as at June 30 1987. showing many changes and some vacant slots.

from Congress are chronically

· A review of structural adjustment lending — non-project loans introduced in 1980 in support of structural reforms of an economy — shows a mixed experience. None of the 10 countries surveyed fully imple mented planned reforms on schedule, but budgetary performance and pricing policies generally improved over time. Some facilities were too com-plex and some ran too far ahead of government commitment to economic reform. However, such loans were effective in providing quick - disbursing funds, in focusing governments attentions on structural prob-lems and in giving the Bank

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AMERICAN NEWS

Brazil 'stands firm on debt moratorium'

BY ANN CHARTERS IN SAO PAULO

BRAZIL WILL hold firm on its cult, almost impossible, to put interest payments moratorium our house in order."
as it tries to convince banks that the time has come for an innovative long-term solution to the five-year-old debut crisis. Philippinesh. The Braz Brazil wanted better conditions than those obtained by Mexico, Argentina and the Philippinesh The Brazilian pro-Mr Luiz Carlos Bresser Pereira, posal is to include a conventue Finance Minister, said.

Brazil would meet its inter-national private creditor banks next Friday to negotiate a long-term solution to the debt prob-lem that "assures growth and price stability for Brazil, the reintegration of the country in-to the international financial markets and offers a reasonable solution to the banks," he said more than the said which were being fully serviced on principal and interest and which the country has never considered not honouring.

The interview followed a brief international tour in in concluding the negotiations which he presented a radical soon, there would be no symplan to convert half of the counbolic interest payments to the try's \$68bn bank debt into banks, so that they were "firmly bands — a plan that received a brisk rebuff from creditors convinced that they have to make concessions compared to and particularly from Mr James Baker, the US Treasury Secre-tary. The Finance Minister agreed with Mr Baker that Brazil would adopt a more conhe said, referring to a deadline next month at which the US

Mr Bresser Pereira said that President Jose Sarney did not want an agreement that has to be reworked shortly after it is completed. "Brazil wants inno-vation, but is not interested in changing the world".

What separated Brazil from the international financial community were not the 'radicals and nationalists, who are not as strong as they are vocal," he said, but the debt itself and "the conservative and non-imaginative approach to the problem from banks and their

A solution to the debt burden should include a fixed rate of interest according to a country's capacity to pay over the long term. Because more than 50 per cent of the public deficit in Brazil was interest paid on public sector foreign debt, it was "diffiFord and **UAW** agree pay deal

NEGOTIATORS for Ford Motor and the United Auto Workers union agreed yesterday to a three-year con-tract giving greater job protection and pay increases to 104,600 US autoworkers, the UAW said, AP reports from Michigan.

The contract must be approved by local leaders and the union rank and file before going into effect.

The UAW's national nego-tiations with Ford have been without a strike since 1976, when a dispute over paid personal holidays and wage increases resulted in a walkout lasting 28 days The UAW sought a settle-

ment with Ford first in a tactic called pattern bargain-ing, seeking teh best deal possible from Ford as a eattern for negotiations with General Motors. GM's contract has been ex-

tended until a new deadline that will be set once Ford workers begin voting on a settlement. Both contracts had expired Monday night at 11.59 pm.

Job security has dominated the union's demands this year. Ford, which has 164,000 UAW autoworkers, and GM, which has 335,000 both import cars from Korea and Mexico are planning or producing cars in joint ventures with Japanese automakers.

US teachers and parents agree there is room for improvement in education system

inner-city schools have been given another airing as some teachers have secured substantial pay rises in this year's contract round while others, notably in Chicago and Detroit, have taken part in acrimonious strikes.

ries, many inner-city education boards are still failing to attract col-

lege leavers to the job.

In Chicago, where more than ter qualified candidates.
25,000 teachers are on strike, the city's ninth stoppage in the past 20 years, the union says it is frustrated with what it sees as a disproportionate amount of cash spent on educational administrators rather than

Both sides in the dispute are furyear contract and 5 per cent the union group representing 660,000 next, while the school board tries to teachers nationwide, commented. cut three days off the school year in

He recounts one incident of a a bid to reduce salaries.

He recounts one incident of a school board testing prospective

25 per cent to \$25,000 over the next year. three years. The New York union

teachers in the country's struggling Deborah Hargreaves in Chicago reports on education bureaucrary. problems in the US: a subject of wide concern in the run-up to the 1988 presidential campaign. Among the ers surveyed by the Carnegie Founissues are classroom violence, and pay disputes.

Teachers in Chicago and other a state-wide mandate. urban public schools are, however, Despite a move in most states often paid more than their subursince 1983 to boost teachers' sala- ban counterparts. But notoriously difficult working conditions in the inner city, where drop-out rates are often as high as 50 per cent, will de-

The working conditions are so poor, often money is the only incentive," one Chicago teacher cynically

Given a competitive business environment and a subsequent lack of candidates with the right qualifica-Both sides in the dispute are furtions, some school boards have rether apart than in previous years, sorted to hiring under-qualified with the union demanding a 10 per teachers, a spokesman for the cent rise in the first year of a two-

school board testing prospective This contrasts with a speedy end teaching candidates; more than half to contract negotiations in New failed the test, but the board went York, where the city has promised ahead and hired many of these in an additional \$910m in funds to in-order to get someone in the classcrease teachers' starting salaries by room before the start of the school

Other school boards have cut says the latest increase - adding up courses such as biology and chemisto a 72 per cent raise for starting try because of the lack of qualified pay since 1983 - makes inner city science and maths teachers. School salaries competitive with the sub- curriculae are determined on a local basis although some states impose

College leavers can often be put off a career in teaching by tales of violence in city schools that sometimes reach legendary proportions. indeed, almost half of city teachers responding to a recent survey by the Carnegie Foundation for the Advancement of Teaching (AFT) cited disruptive behaviour in the classroom as a real problem.

Of those surveyed, 32 per cent said violence against students was a problem and 13 per cent were worried about violence against

Foundation, calls the survey's findings disturbing; "teachers in the nation's urban schools confront a a range of suggestions. shocking pattern of problems, rang-ing from disruptive behaviour in the classroom to the apathy of parents." he said.

On the other hand, in comparison some of the conditions outside the classroom, some teachers stress inner-city schools are often oases of calm for urban children. Teachers' unions agree that the reputation for violence among some inner-city schools will discourage some pros-

pective teachers. But individual teachers have far

dation said they had no control in selecting textbooks and materials to use in the classroom. Many teachers say they find this lack of control and large class size (up to 35 students per class in many cases)

With high drop-out rates in a lot of major cities - and some esti-mates putting the US illiteracy rate at one in five - educators and teachers do not deny that the system is failing large numbers of its pupils.

To graduate from high school, teenagers must fulfill certain school-set requirements, for which they receive a graduation certifi-

In an effort to restore a bit more faith to the public school system on the part of both teachers and students, educators have come up with

These vary from merit pay for teachers who turn out skilled students to a scheme in Cleveland where pupils receive payment into a trust fund as a reward for achiev-

ing high grades. Indeed, as education remains a subject of wide concern in the runup to the 1988 presidential campaign, prospective candidates have already been voicing their own pet schemes for improving the system. And many teachers and parents agree there is still plenty of room

down by 1%

US HOUSING construction, slowed by rising interest rates, fell by I per cent from July to August, figured on a seasonally adjusted basis, according to the US Commerce Depart-

US housing

construction

The drop apparently continues a downward trend which began in

The downturn had seemed to be ending last month when the Commerce Department reported a 0.9 per cent monthly rise in housing

month-to-month changes in figures often show irregular movements and cautions that "it may take three months to establish an underlying trend for total starts."

The four-month drop from March to June was an ominous sign of the run-up in mortgage rates in the

It was the first decline for four consecutive months since 1981. In August about 1.58m housing units were started, 12 per cent less than the 1.85m started in August

houses fell 5 per cent during August while building of apartment houses rose by 7 per cent.

The seasonally-adjusted annual rate of housing units authorised by building permits in August, a forecasting tool of future growth, was

Biden 'will not back out of presidential race'

SENATOR JOSEPH BIDEN, the 44-year-old Democratic presidential candidate who has been charged in newspaper and television reports with plagiarising in his campaign parts of speeches by, amongst others, the British Labour leader insisted vesters relaced about his honesty when in his campaign parts of speeches by, amongst others, Neil Kinnock, the British Labour leader, insisted yester-

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malevolent in any way." Sena-tor Biden said, suggesting that the presentation as his own work of a legal brief based on a published law review article had been the error of an inex-perienced law student.

Senator Biden and his political advisers had been boping that if he performed successfully during the televised hearings into the contentious nomination of the conservative Judge Bork to the Supreme Court—Biden chairs the Senate Judiciary Committee — this would inject new life into his presidential campaign and enable be ospeculation that he might be forced to resign as chairman of the Judiciary Committee. In response to the charges of plagiarism, Senator Biden said: "I have never quoted anyone without saying this is their quote, it is because. . . it is clearly known by everybody what it is or I honestly did not know I was quoting somebody else.

Latin American countries are meeting representatives of the United Nations and the Organi-sation of American States (OAS) to plan ways of monitor-

ng the treaty's progress.
The ministers are discussing

Central American peace

talks open amid optimism

A KEY meeting which could determine the progress of the month-old Central American peace plan opened amid optimism in Managua yesterday. This was in spite of US plans to press on with a fresh demand for \$270m in aid for the anti-Sandinista Contra rebels.

Colombia and Panama), its support group (Argentina, Brazil, Peru and Uruguay), the UN and the OAS is due to ensure and the OAS is due to

plans to press on with a fresh demand for \$270m in aid for the anti-Sandinista Contras rebels.

The peace plan, first drawn up by Costa Rican President Reagan last week announced he would soon ask the US Congress in the region'; wars, amnesties, democratisation, a halt to outside aid for insurgent groups, and pledges not to allow such forces the use of Central American territory.

Central American five foreign ministers, along with senior officials from eight other Latin American countries are

The ministers are discussing some of the peace pact's thorniest problems — who should be eligible for the amnesties each government is due to offer, and how to implement the treaty's call for an en dto all aid to insurgent guerrilla forces.

Equally complex is the accord's provision that all five countries will enforce their to prove difficult. In Nicaragua, commitment simultaneously on for example, opposition leaders

countries will enforce their to prove difficult. In Nicaragua, commitment simultaneously on for example, opposition leaders November 7.

An international verification ment must offer amnesty not commission, comprising the Central American nations them ing to hand in their weapons, selves, the Contadora Group but also to all political prisoncountries (Mexico, Venezuela, ers.

SENATOR JOSEPH BIDEN, the him to emerge as a national

alternative to convert debt to

Because Brazil was interested

what they've agreed to pre-

solution. Downgrading the bank

authorities may downgrade Bra-zilian loans to "value-impaired"

status, forcing new loss provi-

On the IMF, the minister said that he would like to make an agreement, but that he did not

want any linkage with the dis-

bursement of bank funds. He indicated that Mr Baker had agreed to the "no linkage" idea and that an agreement with the

banks would precede talks w.*.

needed no new money to fin-ance the balance of payments if interest payments were not resumed. Despite the recent success in bringing infation

down from 25 per cent to 6 per cent a month, he said that the

current level was still too high at 6 per cent, but that attempts would be made to control it

On the economy, the country

loans would hurt them unduly.

"We really want to have a

Labour leader; insisted yester-day that he had no intention of backing out of the race.

At a press conference yester-day morning, Senator Biden admitted, however, that as a young law student he had also been actused of plagiarism by the academic authorities at Syracuse Law School.

"I was wrong, but I was not malevolent in any way," Senator Biden said, suggesting that the presentation as his own work of a legal brief based on a published law review article had been the error of an inexpandance of the content of the proposition to Judge acted the error of an inexpandance of the content of the conten

question and there has even been speculation that he might

officials throughout Central America agre.

The treaty's insistence that no Central American country should allow its territory to be used by guerrilla groups is aimed especially at Honduras, hosting the Contras, and at Nicaragua. The US has regularly accused the Sandinistas of aiding the "Farabundo Marti" guerrillas in El Salvador.

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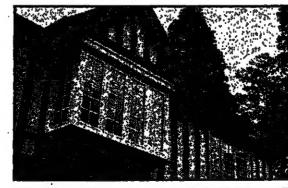
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Aquino accepts resignation of key adviser

PRESIDENT Corazon Aquino and former classmate of Mr yesterday reluctantly accepted Arroyo as the new executive the resignation of Mr Joker Arroyo, her controversial executive secretary, in an attempt to bring some "quiet" to her cabinet, which has been badly split since a failed coup on August 28.

His resignation was widely demanded by businessmen and churchmen, who accused him of being obstructive and opposed to the pro-business policies that Mrs Aquino publicly backs.

Large sectors of the military, including the leaders of a failed coup on August 28, accuse him of being a communist sympathiser and had also demanded his removal.

Mrs Aquino kept a second controversial adviser, Mr Teodorn Lossin, a legal counsel, as doro Locsin, a legal counsel, as a consultant.

a consultant.

The cabinet changes follow Mrs Aquino's sacking on Wednesday of Finance Secretary Mr Jaime Ongpin, who has fought publicly with Mr Arroyo for much of this year over the direction government economic policy should take. The entire cabinet resigned eight days ago in order to give Mrs Aquino a free hand in forming a new government that can work as a team.

cause it ensures close daily access to the President.

In the TV address accepting the resignation, Mrs Aquino praised Mr Arroyo's "patriotism and true nationalism" and promised not to compromise his ideals. Mrs Aquino had a deep personal loyalty to Mr Arroyo, dating from his time as a human rights lawyer when he defended her husband. Benigno Aquino, and after the latter was assassinated in 1984.

Some observers said that Mrs Aquino had merely changed faces in the cabinet reshuffle, without defining the clear policy

direction that businessmen say she is sadly lacking. Others say that she has not done what was necessary to defuse the most serious attacks even though Mr Arroyo's special relationship with Mrs Aquino wili always guarantee

Meanwhile, finance department sources said Mr Jose Fernandez, Central Bank governor, who with Mr Ongpin, has played a central role in "However, some businessmen debt renegotiation talks, will criticised Mrs Aquino for retain his position for the time choosing a close political ally being.

Defendants in Carrian case win legal costs

BY DAVID DODWELL IN HONG KONG

will have to be paid out of taxpayers' funds,

This second blow to the Hong Kong Government's legal de-partment came as it was still licking its wounds from the shock aquittal of the six accused in what has gone into the history books as the British Territory's longest and most expension with the state of the state of

Mr Justice Barker, who has presided over the trial for 64 weeks, contradicted government lawyers who were challenging the appeal by defence counsel to be awarded costs when he ruled that neither Mr David Begg nor Mr Anthony Lo, the first a partner in, and the second an employee of, Price

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conversion Price per snare of Common Stock of the Company has been adjusted to reflect the above grant from 1449, 700 to 4442,740 with effect from 15th August, 1987 (the day after the record date for the above grant).

1987 and such rights were exercisable on 10th and 11th September, 1987.

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TWO OF the six defendants acquitted in Hong Kong this week of conspiracy charges in the Carrian fraud trial were yesterday awarded legal costs for their three-and-a-half-year defence. These are likely to amount to over HK\$40m and will have to be paid out of taxpavers' funds.

local economy floundered late in 1983. Debts amounted to about HK\$10bn.

Sensation was heightened sensation was neightened first by a murder and a mysterious suicide. Scandal spread to Malaysia when it was discovered that Bumiputra Malaysia Finance, a subsidiary of Malaysia's biggest bank, had lent huge losns to Carrian. In the wake of the collapse

Bank Burniputra had to be rescued by Malaysia's nationa-lised oil company and a number of government officials and ministers were tainted.

The Carrian trial lasted for second an employee of, Price 281 days, involved 25,000 pages waterhouse, Carrian's auditors of prosecution transcripts and had brought suspicion on them-selves nor misled the prosecu-tion as was claimed cost the Hong Kong Govern-ment about HK\$27m to prosecute.

- 14.1 16.2

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in plea for **Aboriginal** treaty

By Chris Sherwell in Sydney

AUSTRALIA'S most highly ranked Aboriginal official yesterday made an impas-sioned plea to the Govern-ment to commit itself within ing a treaty of understanding with the Aboriginal people. with the Aboriginal people. Bir Charles Perkins, the secretary of the Department of Aboriginal Affairs in Canberra, insisted that a treaty was necessary and declared that the country's 200th anniversary of white settlement was the right time to confront the issue.

The outspoken Mr Perkins, who has been reprimanded more than once for expres-sing his strongly-held views, made his remarks in an address to members of the foreign press.

His comments came only two weeks after Mr Bob Hawke, the Prime Minister, unexpectedly floated the idea of a treaty or compact with the Aberiginal people, perhaps as a preamble to legislation setting up an Aboriginal Affairs Completion

ussion. The idea immediately generated controversy over what exactly he meant and whether exactly he meant and whether it would meet Aboriginal de-mands. Mr Hawke himself warned Aborigines not to have "unreal expectations" about it, while the opposition Liberal Party called it "tokenism"

In his remarks yesterday
Mr Perkins said a treaty
should be embedded in the
constitution by referendum
and should embrace the controversial issues of prior
ownership of Australian land,
of leaf sight and of conof land rights and of com-pensation for land loss.

Acknowledging that conclusion of a pact would take two to three years, he insisted that a commitment had to be made within the next six months so that "we can all celebrate Australia's bicentered."

A treaty, he said, would "help us consider the past in a more reasonable manner and allow us to leave a legacy for our children."

It would "allow us to develop a new relatiouship between each other," Mr Perkins said.
"At the present time there's

no dignity in the relationship between whites and blacks in this country, there's no re-spect, there's no appreciation and there's no understanding.

and there's no understanding.
But a treaty was still only
"part of a mosaic which is
the answer" to Aboriginal
affairs. It would take compassion, sensitivity, understanding, a will, programmes
and projects, administration
and hard work, and
give and take to "change the
situation from bad to reasonable."

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By: BANKERS TRUST COMPANY,

Top official | Anthony Robinson on a long-awaited report from the President's Council | Black bid for

Pretoria advisers urge area reform

SOUTH AFRICA'S top-level policy advisory body, the President's Council, yesterday proposed greater flexibility in the Group Areas Act on segregated residential areas.

It also proposed abolition of the Separate Amenities Act which guards the remnants of "petty apartheid" in public places and public transport.

In a long-awaited report pre-sented to parliament yesterday the committee, which has spent more than two years reviewing the remaining apartheid laws, stopped short of recommending scrapping the Group Areas Act as urged by influential lobbies such as the Urban Foundation

such as the Urban roundation and black groups.

Instead it proposed the retention of legal protection for existing racially-segregated residential areas coupled with a degree of local option which would permit residents themselves to decide the ethnic committee of their area. position of their area.

Bowing to the reality of mixed residential areas in many

mixed residential areas in many city centres it also proposed legal recognition for de facto "open" or racially-mixed "grey areas" and freedom of choice in some new developments.

The report is understood to be less radical than the committee's original proposals made nine months ago. These were rejected before publication by President P. W. Botha personally because of fears that abolition of the principle of legally enforceable ethnic group areas would lead to a massive white backlash in the whites-only general election in May.

Doubts over the government's commitment to the Group Areas

commitment to the Group Areas
Act remained an important
factor behind the 30 per cent
vote that went to right-wing
parties which continue to
oppose changes to the act.
Mindful of the extent both
of white Exprehension of

of white apprehension of change and black, especially Coloured and Indian, anger at the discriminatory aspects of existing laws the latest proposals seek to steer a middle way between white fears and black aspirations, the poles of South African politics.

While insisting on statutory protection for "group" resi-dential areas the report pro-posed that "free market principles " should be applied in and around business and industrial areas following the recent opening up of central business districts to all race groups for business only.



The desegregated reality of a Johannesburg inner-city area

In practice many inner-city areas, such as Hillbrow in Johannesburg and Woodstock in Cape Town, are already mixed areas with all races living in areas zoned for whites

only.

Legalising mixed or "open" areas would not only reduce exploitation by frontmen and landlords who often insist on premium payments for illegal tenants, but allow white resi-dents the opportunity legally to sell their properties to black people and move from the

The report says itst "point would consider collapsing proof departure is that besides would consider collapsing proord departure is that besides perty and other values if own (separate) residential restrictions were areas, provision should in principle be made for free occupation of open areas where cocupation of open areas where considered and other residual control of the residual consider collapsing proprinciple be made for free occupation of open areas where control of the residual control of the residual consider collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are collapsing proprinciple be made for free occupation of open areas where are considered areas are considered as a considered area. circumstances warrant this . . . In this way group rights and individual rights could be treated in a more balanced way and provision would be made for the forces and process that operate in the urban context."
The report is in line with the government's stated commitment to a more open and diexible society. This is backed up by the abolition of "indux control" and the pass laws, recognition of freehold property rights for blacks in townships and acceptance of large-scale "orderly urbanisation" by black people as a positive development and engine of faster economic growth rather

than a nightmare to be prevented.

The report also examines the consequences of legalising the consequences of legalising of open or "grey areas"— especially in the areas of political representation and education. Total abolition of the Group Areas Act would in practice have spelt the end of social apartheid or separate development—a move desired by many at home and abroad but resisted by a majority of white people, specially those of legalising a joint voters roll with no restriction on choice of candidate through to a separate elected "area committee" without in an existing ethnic local authority, to the forfeiture of voting rights for those who settle in an area zoned for another population group. The committee stopped short of making a specific recommendation but said it could find no justification for denying citigraph of the proposals ranging from a joint voters roll with no restriction on choice of candidate through to a separate elected "area committee" without in an existing ethnic local authority, to the forfeiture of voting rights for those who settle in an area zoned for another population group.

The report also examines a joint voters roll with no restriction on choice of candidate through to a separate elected "area committee" authority, to the forfeiture of voting rights for those who settle in an area zoned for an other population group. The report also examines the consequences of legalising "open" or "grey areas"— especially in the areas of political representation and education. Total abolition of the Group Areas Act would in practice have spelt the end of social apartheid or separate development—a move desired by many at home and abroad but resisted by a majority of but resisted by a majority of white people, specially those of lower and middle income who most fear what they would consider collapsing pro-perty and other values if racial restrictions were

facilities serve only the resident race group. Political representation is also ethnic—from local and provincial level up to the three ethnically-segregated houses of par-liament. Legalising "open" areas however implies acceptance of both mixed schooling and mixed voting in limited

S African bus concern collapses By Our Johannesburg Correspondent

Correspondent
INTERNAL divisions within the black South African bus and taxi association (Sabta) has led to the collapse of its bid to buy the 52 per cent controlling stake in the Putco Bus Company from its Italian owners, the Carleo family.

The bid by the association, representing more than, 45,000 black taxi and mini-cab drivers, to buy for about R150m Putco's buses and repair shops was seen as a potential breakthrough for black enterprise.

Putco transports millions of black commuters around the townships and between the townships and jobs in white areas.

It has been a big loser from the rapid growth of private black taxi companies which provide quicker, safer and more

flexible transport for those able to pay a premium over the bus fares.

Despite the collapse of the Sabia bid, however, negotiations continued yesterday for the sale of stock exchange.

listed Putco to nominees repre-senting both black and white business interests. The negotiations are being led by Mr Ivan Brownlees, who

acted as a nominee for Sabta in earlier negotiations but has become the principal in the latest round.

Mozambique in 'grave crisis'

THE WAR in Metambique has created a crisis which "continues on a massive scale" affecting more than four million people, the British charity Oxfam warned

yesterday.
Mr Frank Judé, the director of Outam who has been visiting Mezamblque, said at a London press conference that international aid had been reported. had helped avert a major disaster, but added: "Western disaster, but added: "Western governments, in particular the British government, must also tackle the main root cause of Mozambique's problems by putting effective pressure on South Africa to stop its continuing support for the Mozambique National Resistance,"

Kuwait used protection to increase oil production

By Andrew Whitley in Kuwait

KUWAIT has taken advantage of the protection being afforded to its tankers by three foreign navies—those of the US, the UK and the Soviet Union—to Increase its oil production to more than double its official Opec quota of 996,000 barrels a day.

Western diplomats say that since the US reflagging and naval escort began in the second half of July output has soared to over 2m b/d, a level unseen since early 1980. In late August it is said to have reached a peak of 2.2m b/d.

By comparison, according to the National Bank of Kuwait, in the first five months of the year Kuwait's oilfields were pumping crude at an average rate of only 1.25m b/d, 14 per cent down on the same period in 1986 and a modest 26 per cent down on the same period in 1986 and a modest 26 per cent down on the same period in 1986 and a modest 26 per cent down on the same period. cent above the country's desig-

Taken together with the reaken together with the recent increase in oil prices of
about \$2, to near the \$20 a barrel mark, this production surge
means that at the moment
Kuwait could be enjoying a windfall gain of an extra \$60m a month in its all-important oil

Iran has been attacked by Iran as well as in the West, for profiting during July and August from the temporary lull in the Gulf "tanker war" by substantially boosting its oil exports. But it now appears that Kuwait has acted even more decisively to boost its revenues. decisively to boost its revenues.

Official statements insist piously that Kuwait, usually Opec's fifth largest producer, continues to adhere to its quota limit. To back up this claim— and dampen rife speculation over the extent of its overproduction — the Government announced earlier this month that spot market sales had been halted.

However, if the latest production estimates are correct, the country's limited storage capacity, equivalent to six days' output at the 2m barrel level, indicates that most of the additional output is probably finding buyers.

Diplomats commented that in pushing production so hard Kuwait's motives seem to be a mixture of responding to market conditions and a fear that the outlook in the Gulf could deteriorate in the coming

"The question is whether the August figures were a flash in August figures were a flash in the pan, or are being maintained in September," said one close observer of the local oil industry.

as precarious, on setting this are the pan, or are being maintained in September," said one close observer of the local oil industry.

as precarious, on setting this are the pan, or are being maintained in September," said one about \$500m at today's prices tary budget of 141.4m dinars, deflation of 1.2 per cent in the first four months of this year)

Truce unlikely to end conflict over Aouzou

A DECLARATION by Colonel if its southern heighbour re-regime more than \$30m in that recovery of the greater Muammer Gaddaf, the Libyan nounced its claim to the Aouzou acknowledged military aid, want part of the strip may lead to leader, that his country's long strip, a bleak desert area of to see him give up the struggle recognition of his country's war with Chad is "over" is about 44,000 square miles against one of the Administration it. unlikely to bring the long con- annexed to Libya in 1973. flict over the Acuzon strip to an end, in the opinion of diplomatic observers.

a series of stunning military re-cance which both countries versals this year which have attach to the area. It is generversals this year which have cost the country about 9,000 troops killed, probably more than a tenth of the total strength of its armed forces. In a speech reported yesterday by the official Jana news agency in Tripoli, Col Gaddafi pledged never again to interfere in Chad's internal affairs

diplomatic observers.

Rather it reflects exhaustion settlement over the disputed on the part of Libya following territory because of the signifi-

ally, but perhaps erroneously, believed to be rich in minerals.

annexed to Libya in 1973. tion's leading betes noires Libya recaptured the fiv-Last week the two countries although France, N'Djemena's blown town of Aouzou on agreed to a truce but there is main backer in the past, would August 28 but subsequently like to see an agreed resolution to the conflict and a compromise over Aouzou which it, as a colonial power, once ceded to Italy when it was master of

zens and ratepayers full participation in their local authority and recommended a "reform approach" to the question.

The report, which is to be debated in parliament, was signed by representatives of the ruling National Party on the President's Council committee but rejected by those of the right-wing official opposition Conservative Party, the moderate Progressive Federal Party and the coloured Labour Party.

One of the key questions now is whether the flexibility pro-

posed will permit the rebuild-ing of places such as District Sir — not as a coloured ghetto as before but as a new open area for all races.

when a Chadian column pene-trated 60 miles into recognised

Libyan territory.
N'Djemena's claim to have killed 1,713 Libyan troops and believed to be rich in minerals.
Having gained control over after clearly striking a heavy blow to Libyan morale President Hassene Habre will clearly not accept Col Geddaf's claim to the Aouzou Strip.

The war between the great destroyed 26 aircraft and 70 destroyed 26 aircraf

Tony Walker on prospects for an economy dependent on Gulf stability

Jordan forced into rare austerity

DR MAHER SHURRI, now under a column in the central deputy governor of Jordan's bank statistics entitled "other central bank remembers the day foreign assets."

Or Shukri describes this sum the 1970s when as a relatively funior officer, he protively funior officer, he protively funior officer, he protively junior officer, he pro-cessed a telex transfer of aid

The sum caught the young Dr Hukri by surprise because he was expecting \$14m. Twice he queried the amount, suggesting that an additional "0" may have been added. No, came the reply, the transfer was

A year later Saudi accounting practices eventually caught up with the error, but by that time the money had been spent, Dr Shukri recalls with a laugh. In these days of lower oil prices and swelling budget deficits it is unlikely Saudi Arabia or other wealthy Gulf benefactors would make such mistake, let alone fall to rectify it for such

alone fail to rectify it for such a long time. And therein lies, in part, one

of the reasons for the cash squeeze Jordan is experiencing at the moment. A shortfall in funds pledged by Gulf donors under a 1978 Baghdad Arab League summit formula and a slowdown in remittenance. slowdown in remittances from Jordanian nationals working in the Gulf is causing difficulties. The latest central bank statistical bulletin reports that at the end of April, cash reserves stood at 51.8m Jordanian dinars (£90m) or sufficient funds to cover just two weeks' imports.
Dr Shukri says the position has
improved since April and that reserves reached more than 70m

dinars at the end of July.

However, the pattern of the past several years is one of diminishing reserves to the point where some might re-gard Jordan's financial position as precarious. Offsetting this are

as "technically usuable" to cover some categories of imcover some categories of imports such as oil. However, the fact is that Jordan whose economy is 70 per cent reliant on imports is being forced into a programme of unaccustomed austerity and prospects are for even more difficult times ahead until oil prince proposed. until oil prices rebound and Gulf states regain their economic equilibrium.

Mr Zeid al Rifai, Jordan's Prime Minister, insists that the economy is in "very sound shape." He noted Jordan in 1986 repaid \$580m in interest and principle on its approxi-mately \$4bn foreign debt as an indication of his country's sound financial position. Jordan's debt service ratio (debt repayments as a percen-

tage of earnings from exports, workers' remittances and other services) is creeping up from 9.9 per cent in 1985 to about 13 per cent this year. Mr Rifai recently told parliament that a debt service ratio of 20 per cent was a "red line" beyond which it would be imprudent to venture.

Both Dr Shukri and Mr Rifai said in interviews it would be necessary for Jordan again this year to borrow abroad. Last year it raised \$150m internationally. That money was not drawn down until early 1987. Jordan is also grappling with persistent budget deficits. A projected deficit for 1987 of 39.6m dinars is considerably understated. On present indications Jordan's domestic deficit

this year is likely to be at least four times that figure. Mr Rifal recently asked par-

heavily dependent on subventions from Gulf states which have proved highly unreliable benefactors in recent years. Only Saudi Arabia is consistently fulfilling its pledge under the Baghdad agreement which allocated Jordan \$1.2m annually in Arab aid in recogni-

facing Israel). The Saudis provide \$357m annually in three instalments.

Jordan is also experiencing a reduction in the inflow of remittances from the 330,000 of its citizens working abroad the remittances from the 330,000 of its citizens working abroad, the majority of them in the Gulf. Officially recorded transfers from this source amount to about \$1bn annually. Dr Shukri said there had been a drop in remittances of about 8

Jordan's weakening foreign exchange position, its heavy dependence on imports for up to 70 per cent of its requirements and its budgetary difficulties has revived discussion about a possible devaluation of what some obeservers regard as an overvalued dinar as a means of further curbins imports further curbing imports.
But Jordanian officials are

adamant such a move is not being contemplated. Dr Shukri insisted that the local exchange rate accurately reflects the dinar's value on a trade-weighted basis against the currencies of Jordan's major trading partners of Jordan's major partners of Jordan's major partners of Jordan's major partners of Jordan's partne

government and banking circles in Jordan is significant. The subject was virtually taboo until recently. As a foreign observer said: "At least, they won't take you out and shoot you now, if you suggest it."

Jordan has been doing its best to reduce the domestic deficit and to improve its balance of payments position. It has reduced expenditures where possible, strengthened tax collection, imposed additional duties on imports and sought to encourage exports. However, as Mr Rifai observed, the government in its efforts to restrain imports is caught in something of a vicious circle because customs duties are a principal source of revenue. He said scope for further expenditure cuts and reductions in imports is reductions in imports was limited. Commercial activity is

already depressed.

Jordan is struggling to maintain its traditional exports of fertilisers and foodstuffs in highly competitive international markets. The value of exports of these items, in fact, dropped in 1986 compared with the year before.

But Jordan's drive to reduce imports helped it to narrow its trade deficit in 1986 by 224m-594m dinars which, nevertheless, represented more than one-third of Gross Domestic Pro-

trading partners.

He also argued that a such as doctors and engineers.

devaluation would be a retrograde step because of Jordan's has reached 20-30 per cent, dependence on imports. It official statistics put the would encourage inflation overall unemployment rate at about 6 per cent, but this almost deflation of 1.2 per cent in the first four months of this year)

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WORLD TRADE NEWS

Australian consortium wins Turkish power plant franchise

The "Ozal Model" - an ambitious scheme for energy and infrastructural projects in developing countries—took a major step towards becoming a reality yesterday with the announcement by Tur-key's Prime Minister that the government is to go ahead with plans for three large coal-fired power plants built under franchise.

The announcement is likely to have far-reaching consequences both for the power industry in the developing world, where the model creates an important precedent, but also for the international coal trade in Europe and the Middle East. Turkey has decided to award the first contract to an Australian con-sortium which intends to

create a large stockpile of Queensland coal beside the plant for re-export Mr Ozal said that the governmr Ozal said that the govern-ment would shortly begin talks with the Australian con-sortium, headed by Seapac of Queensland and also includ-ing Chiyoda and Tokyo Elec-tric of Japan, Westinghouse of the USA, and the Queens-land State Government. The

on the Mediterranean coast and will produce 1,400MW of electricity a year. It is ex-pected to take three and a half years to build and cost around \$1,200m. Final negotiations are not

expected to present any major hurdles, but a signing of a contract will probably have to wait until after the Turkish

plant will be at Yumurtalik

general elections on Novem-

As soon as as the first contract is signed, Turkey will move on to the second pro-ject, a 960 MW plant at Tekir-dag near Islanbul. This is to be built by Rechtal of the IIS be built by Bechtel of the US, with RWU of West Germany and Combustion Engineering of the US, and will cost around \$1,000m.

The government hopes that a contract for it will be completed by the late spring of next year. This would open the way for negotiations on the final plant, to be built by the Electrical Power Corporation (EPDC) of Japan, with Mitsubishi and Ritachi. It will be at Aliaga on the Aegean coast and produce around 1,000 MW.

The Bechtel and EPDC ventures with the Turkish Electrical Authority, TEK, for 15 years. After which they will be handed over to the Turkish government. The Australian project has a longer life and will not be handed back for 26 years, close to the economic life of

Underwater cable sale to Soviets CIE GENERALE d'Electricite

CGEP.PA (CGE) said its Sub-marcom underwater cable sub-sidiary had signed a Fr 216m contract with the Soviet central buying office Mashpriborim-porg, Reuter reports from Paris. The contract is for 392 km of reinforced coaxial cable and includes 40 underwater repeaters and terminal equipment, CGE said in a statement. The cable would be laid by a French ship, but the contract included training in France of Soviet personnel. Delivery is due in July 1988 and the contract would be paid for in

Wales

European Currency Units, the statement said.

The Financial Times is proposing to publish this Survey on FRIDAY SEPTEMBER 25 1987

For full details, contact: CLIVE BRADFORD on 0272 292565 FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

David Barchard in Ankara on the 'Build-Own-Operate' method for projects which clinched a contract with Australia

Energy deal a triumph for Ozal's novel financing model

and the five rival consortiums which had been negotiating the projects for two and a-half years have made the utmost concessions to clinch a deal.

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Turkey wants the model not only because it enables it to go ahead with projects for which it might not be able to borrow money. The background

The Turks also hope that the new models will prove that Turkey is a safe environment for the foreign investor in the medium-to-long term, and that

enlargements. An Australian source in Ankara yesterday said: "We should be able to supply Queensland coal to West Germany at about half the cost of German coal."

The Australians assume that

THERE WAS a sense in Ankara yesterday that something rather unusual in international trade terms had been achieved with amouncement of the decision to go ahead with three giant coal-fired power plants on the Turkish coast.

Both the Turkish Government and the five rival conserviums

THERE WAS a sense in Ankara yesterday that something rather yesterday that something rather that he had come up with an alternative to traditional project finance. It is hoped that some the part once they are constructed. It is hoped that some that he had come up with an alternative to traditional project finance. The port is designed to be expensed in the part is designed to be expensed in the five rival conserviums

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The Turks also hope that the sum of the five rival conservities and the five rival conservitions of the five five plant of the five ments for hydroelectricity plants of the five five that conserved that some an initial 10m tonnes a year.

The part is designed to take cargoes and initial tom tonnes a year.

The part is also crude oil.

The part is also for the five five that conserved that the part is the part of the five that the part is th if everything goes according to plan. However Turkish contracts It appears to have been these considerations which persuaded the prime minister to resist powerful lobbying from the US (at least one senior administration official is said to have rung him up to press Bechtel's claims) on behalf of the other consortiums.

could face during their 15-to-26year life spans. These have been the subject of detailed contingency plans largely drawn up as a result of negotia-tions with the US Eximbank. Turkey has firmly resisted all

years have made the utmost concessions to clinch a deal.

For the Turks, the deal means that a new source of means that a new source of direct foreign investment, has become available for big infrastructural deals. It is something of a personal triumph for the Frime Minister, Mr Turgut Ozal, who three years ago sovereign guarantee for the projects. It wants them to be credit rather than debit items on its balance of payments, which they would not be if it

Finnish-Soviet trade declines

BY MARGIE LINDSAY IN LONDON

the mid 1970s. The drop in Soviet-Finnish trade lest year. West Germany is now ex-

pected to become Finland's main trade partner, followed by the Soviet Union, Sweden and the UK.

Soviet-Finnish trade troubles began when the world oil price fell below \$20 a barrel. Last year the percentage share of the Soviet Union in Finland's trade fell to roughly 18 per cent from a former high of over 20 per cent in the early 1980s. According to the Finnish Finance Ministry, trade with the

Soviet Union is expected to fall-by 10 per cent in volume terms this year over last year. A further 10 per cent drop is expected in 1988, with a similar decline projected for 1989. In 1981, two-way trade reached a peak of \$6.8m and has declined gradually since. The National Bank of Finland recorded Finland's imports from the Soviet Union for the January-July 1987 period at FM 6.88m and exports at FM 7.75bm. The balance of trade has usually been in Finof trade has usually been in Fin-land's favour.

European anger at

US textile restraints

THE SOVIET UNION has fallen to second place in trade with terms of the clearing system. Finland for the first time since this deficit was the examination. The result was the opening of a special account—similar to a low interest short term credit totalling about 300m roubles (\$477m). The first payment on this account, which was formally arranged in February this year. is due in 1989 with final pay-

ment in 1991.
Trade with the Soviet Union rrace with the Soviet Omon is highly dependent on oil prices. When the world price of oil dropped, the Soviets found themselves strapped for hard currency. As a result trade with Finland suffered.

Both the Finance Ministry

and the National Bank of Fin land agree that trade with the Soviet Union is declining and

present it relies upon oil, and

Finland's trade with the Soviet Union is expected to end the year with another through a clearing account system. The USSR ended 1986 with

oil-related, export products.

 $m{D}$ elieve it or not, but what you're looking at in this picture represents an investment of

That's how much Peaudouce are spending to set up a factory that'll make the product you can see being modelled below.

As for the site for this, their first ever British manufacturing unit, we're proud to say that with the whole country to choose from they eventually decided to build in Telford, Incidentally, once in full swing, the factory's set to produce more nappies than any other in the U.K. So what made the world's third largest producer of "baby bygiene products" plump for

To synderstand their choice one must first consider the nappy. As a product, its value as compared to its bulk is low. Also, by its very nature, it's a high volume product.



PICTURE HOLD THE SECRET



Combine these factors and you can see why, in the nappy world, regular, reliable and economical transport is all important. Telford, thanks to the M54, and its location close to the beart of Britain's motorway network, admirably meets all these criteria. In fact, two thirds of the entire British consumer market can be reached from Telford by HGV in under four hours.

The French were also impressed with how easy it is to get people to and from the town. Birmingham International Airport is only a forty minute drive away, while just over two hours on a train will get you to the heart of London.

As the new factory is set to create 235 jobs, the ready availability of a skilled, adaptable workforce was another key consideration. Needless to say that in Telford Peaudouce found all the people they needed. Moreover, in the Telford Development Corporation they found the people who could make the whole project go as smooth as, dare we say it, a baby's bottom. Telford Development Corporation not only offered advice and assistance at every stage

of the planning process, but also made sure that the red tape was kept to a minimum. Add all this to the fact that Telford is set amongst some of Britain's most beautiful countryside and you'll begin to understand why the town came top of the French

So if you're thinking about relocating your business perhaps this baby's bottom is just the

pointer you've been looking for. But before you read the rest of the paper we'd like to leave you with one final thought. With £10 million at stake, you can rest assured that when Peaudouce finally chose Telford as the site of their new nappy factory, it wasn't a rash decision.

To find out more ring Chris Mackrell, Commercial Director on 0952 613131.



Travelling on **Business?**

THE EC will be forced to take action against US products if Washington passes legislation to curb imports of textiles, clothing and shows, the European Commission warned yesterday, William Dawkins reports from Brussels.

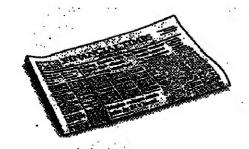
In the Far East, Asian exporters reacted angrily, saying that such a move could invite retaliatory measures from its trading partners.

Mr Willy de Clercq, the EC's Commissioner for external trade, said there could be "no usuffication" for such a move. He was responding to the vote a day earlier by the US House of Representatives in favour of a bill to limit to one per cent the annual increase in US textile and clothing imports and to freeze foreign shoe sales at current levels. "The whole international trading system will bear the costs," said Mr

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Diversification

The Saatchis' search for serious money

Christopher Lorenz assesses the ubiquitous brothers' latest ambition - to add financial services to their empire

is what the business, financial and investment communities on both sides of the Atlantic have been asking with growing per-plexity this week about the amazing brothers Sastchi.

amazing druners statem.
There is certainly plenty to be
puzzled about. The headscratching started on Sunday
with the remarkable news that Maurice Saatchi, chairman of the world's most voraciously expanding advertising, marketing services and management consuitancy combine, had just pro-posed marriage to Britain's troubled Midland Bank, which is roughly double its size.

Not surprisingly, Midland re-jected the idea out of hand. There the episode might have rested, either as a wayward piece of Maurice and Charles Saatchi's opportunism at the prospect of an ultra-cheap acquisition, or as the first hint of a plan to emulate Italy's Carlo de Benedetti, and other European buccaneers, in the construction of a disparate collection of businumber of entirely separate cores; in de Benedetti's case, these include electronics, me-dia, food and vehicle compo-

But not a bit of it. Instead, Saatchi & Saatchi reacted to Midland's rebuff by declaring its belief that financial services were 'a very natural extension of the business service sectors

on Monday, Saatchi's shares rose slightly. But the next day they plunged in disbelief when it emerged that the company was not only engaged in take-over talks with one or more of the world's leading accountancy firms, but was also in negotiation with a broad raft of British financial services organisa-tions, notably merchant banks.

"on the record") elicited its confident expectation that at least one such deal would be signed within months. Rumours inthe City, with merchant banks wards financial services "as Hill Samuel and Morgan Gren-having nothing logically to do fell two of the most popular tips." with the building of a service

VISIONARIES, megalomaniacs, Yesterday Hill Samuel conor just plain opportunists? That firmed that Saatchi had made a is what the business, financial firm approach, which it had re-

Far from being merely an opportunistic strike, in other words, the talks with Midland were clearly just part of a much broader foray by Saatchi into fi-nancial services, on a platform of supposed "industrial logic": of synergy between the hitherto separate and very different worlds of business and finan-

cial services. The Saatchi plan was - and very definitely still is - to bridge the two, and repeat in financial services its achievement in ad-vertising of moving from no-

Far from being an opportunistic strike the talks were part of a broader foray

where to become the world's number one in barely 15 years. (It harbours similar global ambitions for all the other business services it has gobbled up through acquisition in the past few years.)

few years.)

The place that Midland - or any other clearing bank - was intended to occupy in Saatchi's scheme of things is still unclear; initial guidance from the company on Monday night was the logical argument that, since the way they to the new street. the main thrust of the new strat-egy would be into corporate financial services, any link with a "clearer" was not top of the priority list. Hours later, however, a different Szatchi source con-tradicted this logical postition.

Tuesday's incredulous reac-tion from many city analysts, management consultants and others was therefore undertions, notably merchant banks.
Inquiries to the Saatchi camp (the company almost never talks consultant with years of experience within international ser-vice organisations condemned the move on Midland as part of a Chinese money game, and the wider Saatchi strategy to-

conglomerate."
Whatever the investment and share price logic might be, the strategy had "no meaningful synergy from a business point of

synergy from a business point of view, agreed Neil Blackley, senior marketing services analyst at James Capel.

At a time when successful global service organisations such as American Express have been turning their backs on the concept of "financial supermarkets", Saatchi is effectively doing the opposite.

ing the opposite.

In reality, the strategy is a good deal more thought-through than that. Nor is it a complete bolt from the blue. For one thing Saatchi is thought to have made an approach several years ago for Phillips & Drew, its own broker, which has since been bought by Union Bank of

Furthermore, the Saatchi camp feels that by no means all the financial institutions it is talking to are as dismissive as the Midland of its notion of the gradual breakdown of barriers between financial and business services, and the construction of a "multi-service business" with the resources and global spread capable of confronting, especially, the Japanese threat in financial services - a danger of which Sastchi has been mak-

or which Saatchi has been making much this week.

The Saatchi logic, as expressed in a special study which has been shown to these and other institutions, is certainly complicated. It rests on several key components:

several key components:

1. The power of a global strategy. This has become a familiar scene in manufacturing thanks to the worldwide success of the Japanese; it is not only Saatchi which has spotted that the same phenomenon is now becoming increasingly evident in many service sectors - especially fiservice sectors - especially fi-

2. The organisational and competitive power of scale, es-pecially in terms of capital resources, superior market intelligence, information systems, and career opportunities for

staff.
3. The transferability of management skills from one area of knowhow-intensive services



(such as advertising or management consultancy) into another (such as financial services).

4. Szatchi's own particular experience of managing a network of service businesses which is or service businesses which is unusually widely spread, both geographically and in terms of its range of activities. Despite the highly-publicised departure of a few star names, Saatchi claims to have handled successfully the inevitable problems of provincing and dissering new US. acquiring and digesting new US subsidiaries without destroying the entrepreneurship and drive which made them attractive takeover targets in the first

It also believes it has developed effective systems for managing a multi-service operation. It takes great pride in having lured into key positions a num-ber of experienced top manag-ers from outside.

ers from outside.

5. The potential for securing extra business, and giving clients a much better service, through cross-fertilisation of expertise, and referrals between different parts of its diverse empire. Saatch's latest appulal propert astropyledges the tween different parts of its ditween empire. Saatchi's latest
annual report acknowledges the
difficulties of executing such a
strategy, but asserts "we are noshatchi as good as it says it is at
expertise; and reterrow according to a degree, at least to a degree, at least to a degree, at least to a degree, at least.

It is on the fourth and fifth empire (as units start monthing to points that Saatchi's case becomes most controversial. Is and from outside, as senior exshatchi as good as it says it is at

netheless dedicated to its

achievement."
Globalisation (point 1) is a highly controversial topic in itproducts and markets, on the structure of both business and financial services (though not necessarily on the cross-over

Point 2 (the benefits of scale) also has its controversial aspect, but again it does not necessarily detract from the

Point 3 (the transferability of management skills and experiis fine in principle, though there are many shades of difference between the management of accountancy and consulting, for example, let alone between advertising and financial services. But, as in manufacturing, management expertise can be transferable -

managing a far-flung, fast-growing and diverse services highly controversial topic in itself, especially regarding its strategic and organisational consequences. But Saatchi is right to emphasise the radical effect of global competition, and the globalisation of certain products and markets. sis - will be crucial to the sucwhich the whole Saatchi empire has been constructed?

The Seatchi camp has put much emphasis this week on its feeling that investment analysis and the media have always ex-aggerated the importance of such cross-referrals to its current and future success.

Instead, the company sees the route to eventual cross-fertilisation as lying largely in the gradual, independent development of each of its units into a top performer in its particular mar-lest place. Once that has hap-pened, goes the argument, cross-referrals will start occurring almost of their own accord:

already started to happen; a business school professor and senior partner of MAC, a lead-of examples in various parts of the group and in various countries. Analyst Blackley confirms some of these gains, notably those that followed Saatchi's or need one-ston showning in those that followed Saatchi's 1985 spate of acquisitions of US below the line consultancies in such fields as public relasign. "It started off at a cracking pace," he says. "Since then, however, the momentum has fallen off."

Level all over the place, and at various levels. It's a very complex map," he says.

Even if the likes of Saatchi and WCRS can persuade their tions, sales promotion and de-

Blackley claims this is partly because Saatchi has failed to follow through by plugging the remaining gaps in its network of "below the line" firms. But he also puts it down to the excessive so puts it down to the excessive looseness of the management mechanisms which link the company's existing network. He considers that WCRS, a leading British advertising agency, which recently started following Saatchi into other marketing services as well as management consultancy, is already showing signs of developing a more effective way of managing inte-rrelationships within the firm.

firm.
The dilemma facing both Saatchi and WCRS is how to strike an ideal balance between decentralisation and indepen-dence on the one hand (a key motivation for any group of con-sultants or "creative" special-ists), and co-ordination on the

Though particularly acute for knowhow-intensive firms in ad-vertising and consultancy, this is just as hot a current topic within almost every type of mul-tinational company, from Uni-

In Saatchi, the prime mechanism for co-ordinating such in-ter-relationships at present is a regular, but informal, meeting of senior representatives from all over the group. At least one very senior Saatchi executive feels strongly enough to speak openly for a strengthening of the system. Scott Anderson, chairman of MSL International, a prime recruitment consultan-cy offshoot, advocates "a slightly more formal co-ordination of the group's experiences with particular clients. In no country does the group have a local fo-cal point Most senior people in Sastchi are terrified of sny-thing that looks like bureaucracy - there's very little structure in the middle."

Even insiders who are complete supporters of the Saatchimanagement appreach admit
that it is in a state of flux. As it
stands, therefore, the Saatchi
approach is certainly not a
proven model capable of direct
transfer to the management of a
diverse financial services diverse financial services

group.

The whole concept of crossreferrals is also hotly disputed

encourage their staff to use the Saatchi portfolio of services.

To a limited extent this has of specialist firms. Dean Berry. or need one-stop shopping. In the majority of client organisa-tions the contact points for each particular service are "scattered all over the place, and at

and WCRS can persuade their clients' chief executives or mar-keting directors to recommend the use - or just the consider-ation - of its full panoply of ser-vices, there are all sorts of reasons why their underlings may fail to comply.

If such cross-overs are diffi-

cult to create and exploit within the business services sector, what chance of them working between business and financial services?

The near-universal move of accounting firms into management consultancy over recent years might appear to be a con-crete example of precisely this trend. But in many ways ac-counting is more of a business service than a financial one. Equally, the recent move by UK banks into estate agencies

'Most senior people in Saatchi are terrified of anything that looks like bureaucracy'

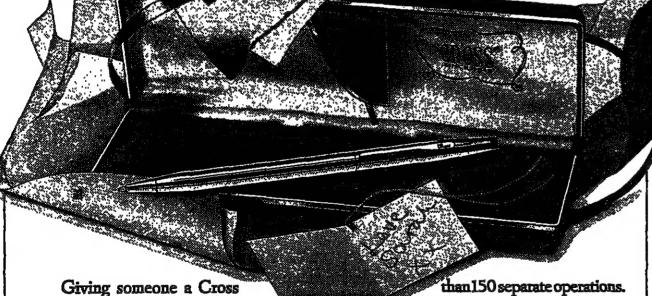
is also seen by most financial services experts as a natural fit. Estate agency has more to do with financial than with business services, according to this argument.

this argument.

As a prime example of its strategy operating in the reverse direction, the Saatchi study cites Deutsche Bank's purchase last month of Roland Berger, West Germany's largest independent management con-

Yet several European acquisition experts, such as Martin Waldenstrom of Booz, Allen and Waldenstrom of Booz, Alten and Hamilton, the management con-sultancy, see this as a peculiar-ly German affair, arising from the unusually close advisory role that German banks have al-ways played for their corporate

Even if Sastchi does pull off Even if Saatchi does pull off an unlikely string of coups in fi-nancial services it will be left facing what another consultant calls "esormous cultural prob-lems". The worlds of business and financial services are very far apart, and it will take a lot more to marry them than just vi-sion, drive and a management sion, drive and a management style which has still to prove its



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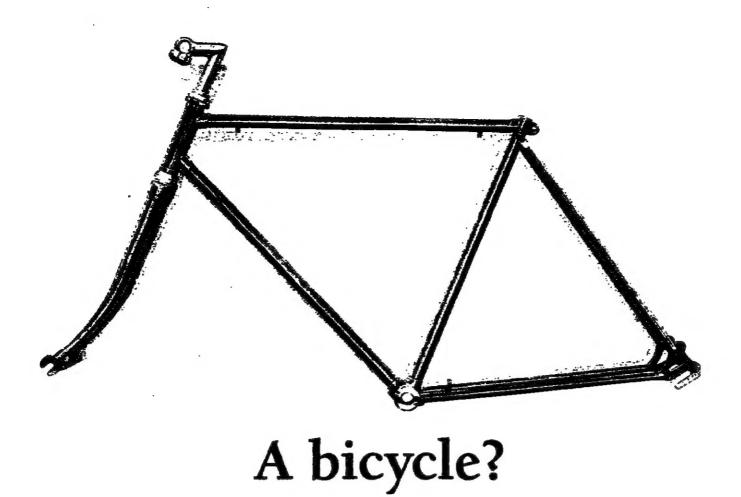
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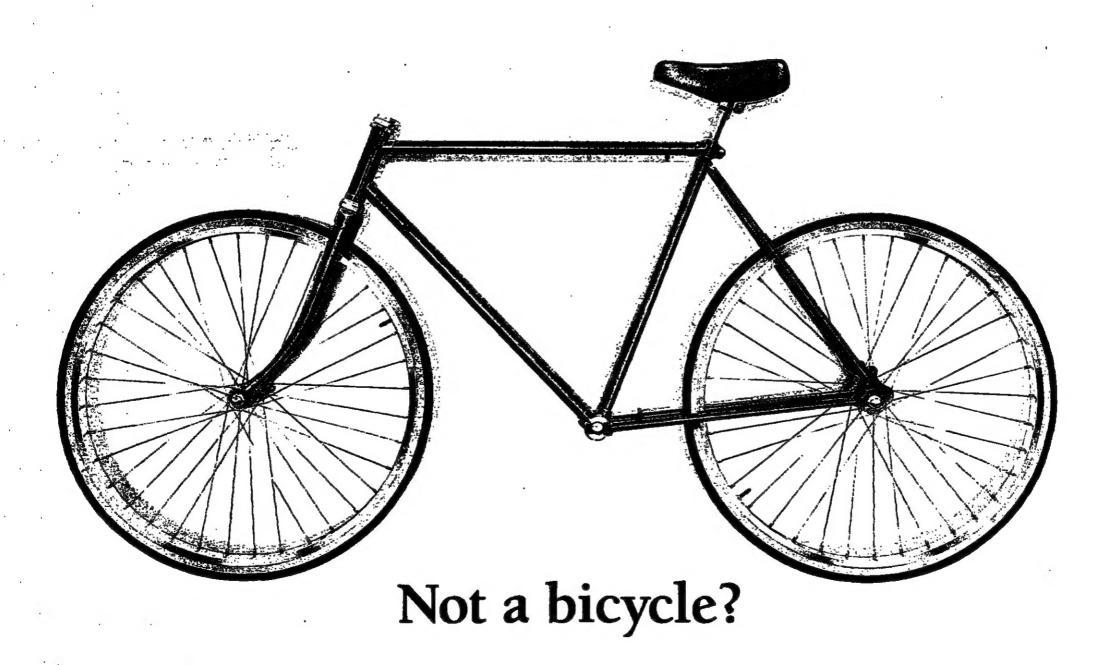
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Bring bicycle parts into Britain from Taiwan, and you'll pay duty of 8%.

Bring in complete bicycles, and you'll pay 17%.

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When is a bike not a bike?

Our client was importing a consignment of bicycle parts, including handlebar-stems, all on the same ship from Taiwan. Naturally he declared them as 'parts', liable to the lower rate of duty.

When the ship docked, the parts were seized by Customs and a duty of 17% slapped on them. Customs

said they were 'bicycles'. Our startled client even had to pay an extra penalty to get the parts back.

He'd run into an international customs rule that basically says a collection of parts is a finished product if it represents the 'essential character' of that product.

That's when we rode into action. And after carrying out a detailed examination of the customs rules, we found a way round the problem.

· Take out the handlebar-stems.

We concluded that, in this particular instance, the handlebar-stems should be shipped in separately. The rest of the consignment could then be declared as 'parts' not 'bicycles', and the duty would only be 8% not 17%.

Strangely enough, it seems that a consignment of handlebar-stems, frames and forks could still be 'bicycles'.

It's a complicated story, this saga of the bicycleparts, but it does make a point about our attitude.

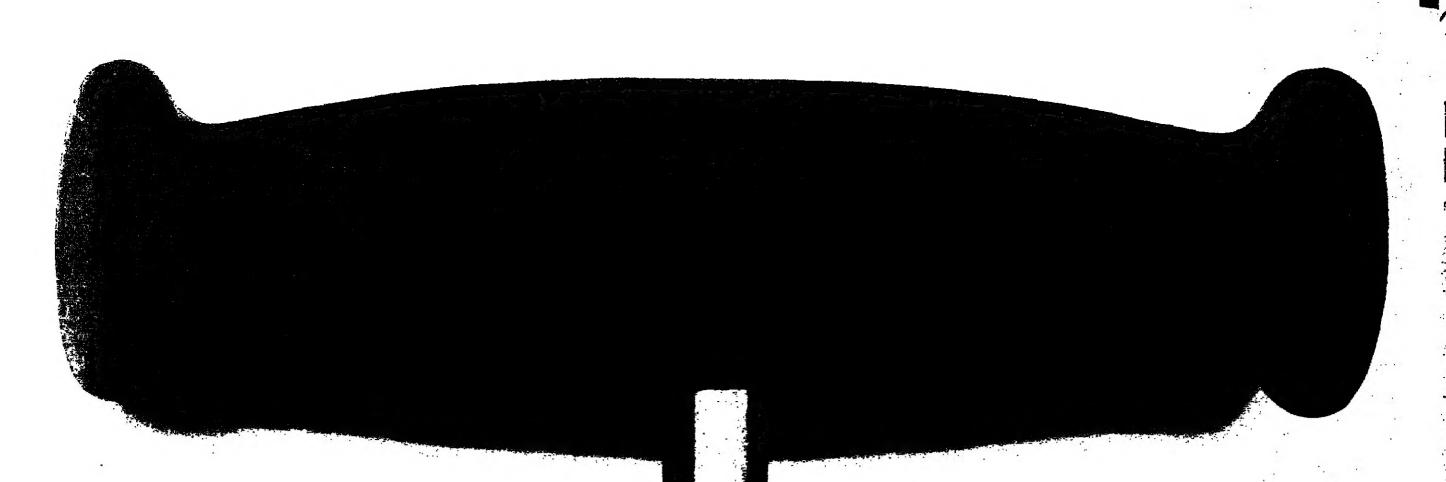
We take a freewheeling, innovative approach. We're not stuffy and remote, we like to get involved in the nitty-gritty. (We work at Southwark Towers, not Ivory Towers.)

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Price Waterhouse



} .__



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Can them old-fashioned, bi

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Class transatlantic and, once
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It's the sort of touch you might expect from an airline which hails from one of America's southern States.

Cliché it may be, but that good ol' southern hospitality is the same in a pressurised cabin high above the Atlantic as it is in a log cabin deep in the Blue Ridge Mountains.

The same goes for southern cooking.

Start with the delicious Chesapeake Bay Prawn Satay.

Try Braised Duckling Grand Chartreuse to follow. (The Pilaf Rice with peppers is particularly sympathique.)

And round it off with a fresh fruit dessert or cheese and coffee. Or, if you must, both.

It's a six-course, à la carte meal and, in all but name, a first class service, right down to the fresh flower in a crystal vase on every table.

And it's typical of an airline whose name has become synonymous with service in the States.

In 1985, it walked away with Air Transport World's prestigious Airline of the Year Award (won in the past by such as Swissair and Lufthansa, won since by BA).

Its current, independently monitored ratio of complaints received per 100,000 passengers carried is, at 1.08, barely a blip on the scale.

And such is the loyalty Piedmont inspires that when, last year, an influential US business magazine asked its readers to name their favourite US airline, Piedmont came runner-up without even being on the survey.

Little wonder then that Piedmont is America's fastest growing major airline, carrying more than 24 million passengers last year. (Compared to British Airways' 18 million.)

And that Charlotte, its main hub, has become a major US airport, handling 290 Piedmont departures daily to 58 US cities, including the 16 largest.

For transatlantic passengers, this means two things.

First, you'll be flying to the most central, the most convenient gateway on the eastern seaboard.

And second, you'll be flying to the fastest.

At Charlotte, Piedmont promises that you'll clear Immigration, Baggage Reclaim, Customs and be ready for your connecting flight inside an hour.

On the ground and in the

air, flying Piedmont from

Gatwick to Charlotte/Tampa is

the civilised way to the States.

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extile

Tory MPs urge public funding for inner cities

A CALL for an injection of public money into inner city regeneration will be made today by a group of 15 Conservative MPs local authorities to speed up from the Home Counties and the West Country.

essential that public sector in They complain that inner city vestment in them is more than councils and some public sector matched by private capital in-

They also want the creation of

in companies in Britain is nothing like good enough...and me-diocrity in design is the rule."

ing treated more seriously."

ance of imports to exports as further evidence that British

design was not good enough. A high proportion of products submitted to the council's own good design label scheme had been rejected because the de-

There is still a need to con-vince many top managers that design is important enough to

demand their personal atten-tion and commitment, he said.

post-AIDS world, explicit sexu-al-technique books are in rapid

These changing trends in book-buying habits emerge from a survey of the reading habits of the 400,000 members of

The Leisure Circle, the UK book club owned by Bertels-mann, a West German publish-

was simply not good

Large rise seen in sales of

books on money matters

SALES OF books about business, personal investment and family money matters are showing enormous rises and, in the ling director, said: We are sell-

About 70 per cent of the ciral traditional publisher can cle's members, largely re-reach bestseller lists with sales cruited by door-to-door sales of 6,000 copies but sell up to men, have never bought a 30,600 a year with the club.

restigious

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Industrial design

standards attacked

completed' THE RBC is to complete its chain of local radio stations in spite of having to cut overall costs because its licence fee

costs because its licence fee had been tied to the Retail Price index.

Mr Michael Checkland, BBC director general, last night announced that seven more stations had been approved, when opening the Royal Television Society's Cambridge Convention.

group of 15 Conservative MPs local authorities to speed up from the Home Counties and the West Country.

They have produced a pamphlet suggesting that about six cities should each receive up to £30m in "pump priming" capital for a new generation of urban development corporations.

The likely candidates would be Leeds, Sheffield, Bristol, Cardiff, Southampton, Middlesbrough and Rotherham.

The proposal comes after it was made clear at the start of Was made clear at the start of Mrs Thatcher's inner city tour on Wednesday that the Government would not be able to find

Mrs Thatcher's inner city tour on Wednesday that the Government is the need to reverse the ment would not be able to find drift to the south-east and to prevent overdevelopment in rural and green belt areas.

owners are hanging on to land in the inner cities. To stop this They also say there is a strong they suggest a public auction case for using the revenue from system to allow developers to the sale of the land and capital serve notice on local authoriassets of the new town corporaties or state bodies that their assets of the new town corporations to fund the new urban development corporations.

They estimate that £2bn will
be released by this means and
argue that some of it should be
used to fund the next phase of
urban redevelopment.

They are the land and would have to commence development within a year.

The pamphiet calls for a nations.

"It may even be possible to tap some of the London Docklands Corporation's profits for this purpose," they say.

They amphiet calls for a national land use survey to determine how much land is suitable for housing and other development in the cities.

They also want the creation of Cashless' development corporations on an experimental basis in such towns as Lelcester, Square, London SWIP 3HH, £1.95.

turing process and to advance design education at all levels starting from primary school.

area of possible savings but the corporation has now decided on expansion by deferring other capital spending and by cutting costs of new stations.

Mr Checkland said the corporation's future horizons were nothing if not realistic. It would not follow ITV in transmitting television throughout the night and did not seek involvement in community radio. ommunity radio. However, he said it was still looking at the possibility of adding to licence-fee income by delivering a subscription service of films to video-recorders in the middle of the night, and was examining delivery of spe-cial-interest videos to closer us-er groups. Mr Checkland reaf-firmed the corporation's commitment to public-service BRITISH manufacturing indus- dustrial renalissance the role of try was criticised yesterday for the Design Council was even mediocrity in product design.

Mr Simon Hornby, chairman of the Design Council, said:

The two main priorities remained to convince industry of plary companies, the general the vital but integral imporstandard of design management tance of design in the manufacture.

BBC local

'to be

radio chain

tion.
The stations, to be built in the

ing role in local radio based on speech and news - that is rather

than on popular music.

He said: "We will move forward rapidly within the resources we have made available."

Local radio was examined at

the corporation this year as one area of possible savings but the

broadcasting.
He told broadcasting industry leaders broadcasters needed to do more than just ensure that in-a democratic society the public had access to all the arguments.

ITV fears bias in PM seminar

discrete study but pervading all supports to technique to make full use of the outstanding talent available.

Speaking at a press conference to mark the council's 1986 annual report, he said Todge. ing to recognise the necessity of good product design and for sign education as part of the sign A ROW has broken out betwe independent television chiefs and Downing Street over claims number of initiatives have been the future of broadcasting on

uests, no-one has been invited rom the big five ITV companie which dominate commercial television production.

body.

There will be fewer and more focused exhibitions, a review of the effectiveness of the design label scheme and a new post has been created for a marketing head to develop revenue-carning activities. The two ITV representatives at the Downing Street seminar are Mr David McCall, chief executive of Anglia Television and chairman of the Independent Television Companies Association, and Mr Bill Brown, managing director of Scottish Television.

The ITV chieft have asked for earning activities.

There is still a need to conclude many top managers that lesign is important enough to lemand their personal attendion and commitment," he said.

As a result of the current in-

The ITV chiefs have asked for a programme controller from one of the big five companies to be included on the list to talk about the importance of pro-gramme production, but the re-quest has been turned down.

ITV is also alarmed at the blunt nature of the briefing notes sent out to those attend-

ment on ITV reads: "So far as the ITV system is concerned, the Government is considering the Peacock recommendations on: (a) auctioning of contracts; (b) separation of Channel 4."

Sir Alan Peacock, chairman of the committee which invent-gated the future of broadcasting, will open the proceedings. Meanwhile, the ITV compa nies are in increasing disarray over plans to back the concept of a fifth television channel. David Lascelles talks to the hard-driving chief executive of Shearson Lehman Brothers

Banking on benefits of a cost-cutting exercise

"WHAT WE DID is something ment banks, and a major compo-that many other firms will be doing," predicted Mr Peter Cob-group. en, chief executive of Shearson Lehman Brothers, the US in-

He was referring to Shear-son's announcement earlier this week that it was making 150 people redundant from its Lon-don office - a move which un-derlined the growing cost pres-sures in the City post-Big Rang and the hard look which finan-cial institutions are now taking at themselves. restment bank.

The stations, to be built in the next three years, will give access to BBC local radio to am potential listeners in Gloucester, Hereford and Worcester, Wiltshire, Suffolk, Surrey, Berkshire, Warwickshire and Dorset. They will bring the chain of BBC local stations in England to 39.

Mr Checkland said the green paper on radio's future in the UK recognised the corporation's public-service broadcasting role in local radio based on

group.
The London cuts, he said, were part of a world-wide re-view of Shearson's operations, which had also included some small job losses in New York small job losses in New York and a boost to Shearson's staff in Tokyo, where a big build-up is afoot. However, he suspected that all big US investment banks were facing the same problems; Shearson just happened to encounter them first.

As world capital markets expanded over the last couple of years, he said, no large house could afford the luxny of tak-

at themselves.

Mr Cohen, who is on a three-day visit to London from New York, was speaking in Shearson's smart new glass and steel offices in Broadgate, where it has pulled together its sprawling London operations.

He has a reputation as a cost-enter. Aged only 41, he is wiry with short-cropped black hair and makes his points by stabbing the air with a fat cigar. In five hard-driving years in the US bond markets had brought heavy trading losses.

Tast year, we had put a lot of pieces in place, and we wanted ferently.

said it could expand again as markets improved. We have had a tremendous amount of capacity come into the business. Far more than was justified. We have to get that capacity in line with the realities of the market."

The London operation re-

The London operation remains a vital part of Shearson's international strategy, both as a bridge between Tokyo and New York and as a springboard for the company's business in Europe. Shearson is establishing itself in several continental countries in anticipation of the liberalization of the liberalisation of EC capital markets in 1992.

Shearson was the only US investment bank which bought a UK stockbroker - L. Messel - for Big Bang. The firm has now

Shearson does not intend to withdraw from any lines of business in the UK, where it is active in corporate finance, commodities trading, fund management and securities dealing Market-making is being trimmed, although Mr Cohen said it could expand again as the product of more than 100 ac-Shearson - unlike other US houses such as Salomon Brothers and Goldman - is itself the product of more than 100 acquisitions. The habit is deeply ingrained. Some observers have commented that, if anything Shearson was slow to cut the fat out of Messel. Often, people get their cards within days of their

firm being bought up by Shear-Mr Cohen declined to detail the profit performance of the London business. He believes that the US firms which will succeed internationally are those with a diversified busi-ness, which can trade a wide range of products and possess the capital to shoulder very large deals themselves. He nat-urally counts Shearson in that category, but believes that only half a dozen other US firms

BAe to join US groups in tilt-rotor study

BRITISH Aerospace is to join with Boeing Helicopter and Bell Helicopter Textron of the US to study the possibilities of developing tilt-rotor aircraft in the US under a \$1.75 tract from the Defence D

These aircraft use a variation vertical take-off techniques. Wing-mounted engines in a vertical position enable take-offs and landings like a helicopter, but the engines are then tilted through 90 degrees into the hor-izontal to permit conventional forward flight.

The world's first tilt-rotor air-eraft, the V-22 Osprey, is being developed by Boeing and Bell in the US under a \$1.7bn contract from the Defence Depart-

A total of 913 tilt-rotor V-22s are to be built for the US armed services with the first aircraft due to enter service in late 1991. The first flight of the V-22 is set for the middle of next year.

Under the deal announced yesterday, British Aerospace, through its Military Aircraft Di-vision, will conduct assess-In that way, tilt-rotor aircraft, through its Military Aircraft Dican get into and out of restriction, will conduct assessed spaces while performing in ments of the military and civil flight like fixed-wing aircraft at markets in the UK for such air-

eraft, and will define and promote the type for use by the Ministry of Defence and comministry of Defence and com-mercial aircraft operators.

Boeing and Bell believe that the aircraft are ideal for flights between city centres. They are

are being conducted by the Port of New York Authority into their use between New York airports and destinations within 300 miles of Manhattan.

The US National Aeronautics and Space Administration also

and Space Administration, also in conjunction with Boeing and Bell, has undertaken studies to define a series of possible tiltrotor designs for inter-city com-

In the UK, the aircraft would be suitable for the London City Stolport, which starts services on October 26. Eventually, commercial tilt-rotors could be pro-viding services from that air-port to near Continental cities.

called Eurofar (European Fu-ture Advanced Rotorcraft) is studying the possibility of developing titrotor aircraft for civil and military use. The Eurofar participants include Aerospatiale of France, Aeritalia and Agusta of Italy, CASA of Spain, Messerschmitt-Bolkow-Blohm of West Germany and Westland Heliconters of the

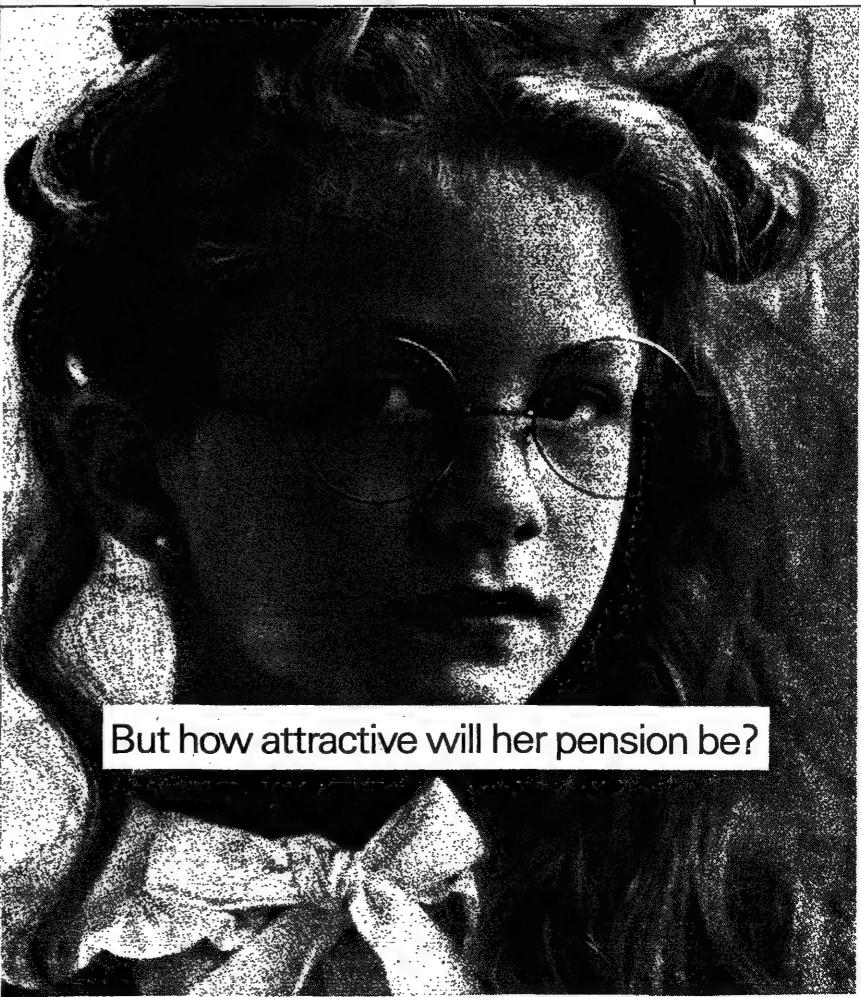
Westland Helicopters of the

Orders seen for ATP airliner

BRITISH Aerospace yesterday dismissed suggestions that its new 64-72 seater airliner, the twin-engined Advanced Turbo-prop or ATP, was in trouble because of lack of sales.

BAe said its concern about the ATP was negligible. It said: Our confidence grows every day. We are hopeful orders are on the way. We are in deep ne-gotiations."

So far only two customers have placed orders for the air-craft — British Midland, which is buying five, and Leeward Islands Air Transport, which is



Textile capacity falling behind

ing director, said: "We are selling books to people who for the

most part have never thought of going into a bookshop."

A new Barbara Taylor Bradford, author of books such as A Woman of Substance, may

sell between 20,000 and 30,000

copies through general trade publishers but 120,000 through the circle.

Literary works in hardback by

THE GULF between the UK's ning machines. That figure, manufacturing capacity in primary textiles and that of Italy
and West Germany, Europe's and Portugal and compares
biggest producers, is continuing with the 22,000 rotor machines
to widen dramatically, accordinstalled by Italian textile coming to the latest figures on machinery installation.

Britain now ranks only about seventh in overall spinning ca-pacity within the EC and sixth in weaving, measured by statis-tics from the Swiss-based Inter-national Textile Manufacturers The UK's position in size and

re-investment appears to be still sliding. For example, last year Italy installed more than 200,000 new spindles for cotton, artificial fibre and wool spinning, an area in which it is already four times as large as

West German textile companies purchased half that amount but installation of new spindles in Britain was almost

year 3,800 new machines known

panies in 1986.

Weaving machinery tells a similar story, although the dis-parities are not so great. British textile companies bought 450 new looms last year, according to the federation. Italy, however, installed 4,500 new looms more than a fifth of the UK's total capacity in looms for cotton, artificial fibre and wool weav-

Mr Herwig Strolz, the federa-tion's director, said: "It is a sad story for the UK. The figures show the astonishing growth of Italy in textiles and the consolidation of West Germany as Europe's second textile economy."

The federation figures are based on shipments of new machines from 75 makers of spin-The UK did introduce last ning and weaving machinery around the world. The compaas open-ended rotors which are nies account for virtually all between three and six times as worldwide production of these

The figures do not include knitting machines, nor any of the equipment used in finishing or the making up of clothing. British companies in primary textiles have been making good profits and in one area, wool spinning, the UK is second in the EC league table of production capacity.

The federation says the statis ties provide an accurate guide to the relative size of countries in primary textiles and their re-investment programmes. Fig-ures due to be released towards the end of the year will show that the age profile of machines in the UK primary textile indus-try is one of the worst in Eu-

Up to the start of last year, the UK's total spindle capacity was 1.6m, compared with 5.8m in Italy ly and 2.4m in West Germany.

During the past 10 years, Italian textile companies have purchased 32,000 of the highly productive shuttle-less loom. West German companies have taken 16,000 and French companies 12,000 but UK textile producers have bought just 4,600.

If Deutschmark investments are part of your pension fund strategy, you are familiar with the variety of DM instruments available. But, there are subtle differences in yields, liquidity, maturity, and depth of the market. There are yet other considerations which may require tailor-made solutions.

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Liberals clear way for talks on SDP merger

bounce on the new party a com-mitment to a continued British

nuclear capacity.
Mr Steel's allies see a possi-

icy development by the new party.' This might meet SDP

MR DAVID STEEL, the Liberal leader, will this afternoon seek to set the policy agenda for a new party with the Social Dem-ocratic Party after the Liberal Assembly yesterday voted over-whelmingly in favour of a merg-

After a three-hour debate, a motion backing the creation of a new party and setting the terms of the talks was approved by 998 votes to 2l. So large was the sup-port that a proposal for an ini-tial ballot of all Liberal mem-bers was rejected as bers was unnecessary.

However, the leadership was given a number of warnings not to ignore Liberal rank-and-file

Yesterday's vote opens the way for the start of negotiations early next month after most of the Liberal team is elected by the Assembly later today. The SDP's national committee meets on Month and to choose its

representatives.

The SDP's ruling council rejected by a ratio of 60 to 40 an anti-merger proposal at its conference in Portsmouth 2½

Leading members of both par-Hes are confident that no impossible preconditions have been set for the talks, which should be completed in time for consideration by further conferences in January with final bal-

lots next February.
After yesterday's vote Mr

Steel now wants to turn party outright opponents of merger yesterday and it was significant that some of the doubters, sought to minimise differences and public attention away from internal debates towards the new party and the policy agenwith their local council allies by supporting the motion. da to replace Thatcherism. He will focus on consumer in-

terests and on the need to in-crease competition in both the However, traditional Liberal suspicion of the leadership was reflected in strong support for public and private sectors.

However, a motion calling for 'a positive industrial policy' involving government intervention was approved by 437 votes an amendment on the composi-tion of the negotiating team which would not have made the party leader or his nominee an automatic member. This was-only defeated by 571 to 527. to 412 only after criticism that it was outdated and involved too much Whitehall activity.

During the main debate there were continued rumblings about how far the broad policy stance of the new party, as opposed to its detailed policies, should be approved before a merser. Ms Becky Bryan a Stamford delegate, called for the merger to be achieved as fast as possi-

"we nave tried the patience of the electorate. A lot of people want a proper radical alterna-tive...but somehow we have put our foot in it a bit." We have tried the patience of

merger.
This was favoured by Mr Robert Maclennan, the SDP leader, but opposed by prominent local activists, who suspect a plot to She warned delegates that the new party would have to move quickly to head off Labour attempts to gain the middle ground of politics.

ble way forward in a suggestion by Mr Des Wilson, the retiring party president now allied with the local activists. Ms Fran Oborski from the West Midland gave a warning against adopting too tight a He said yesterday that the Al-liance's June election manifestimetable. "It's better to take time now and get it right, rather than rush it and make a few mistakes we to and a previous policy statement could be 'the starting point for urgent and radical pol-

could repent for a very long Conference reports, Page 13

sold by Goldsmith, Aspinall for £90m

cler, and Mr John Aspinall, the zoo owner, are cashing in their chips in Aspinall Holdings, the London Mayfair casino operator an earlier approach to Sir and investment company.

They have agreed to sell the ing turned into a property and leisure group by former Plea-surama chief executive, Mr George Martin, and Mr Peter de Savary, the financer and yatchsman. The company is quoted on the Unlisted Securities Market.

"It's a name of high quality," declared Mr de Savary, yester-day, "and I believe we can take it into other leisure activities. Mr Aspinall, a former founder

of the Clermont Club, opened the casino in Knightsbridge in the late 1970s with financial help from Sir James.

The company came to the market shortly before its move to freehold premises in Mayfair, capitalised at just under £60m. capitaised at just under 2001.
The issue, however, proved a big success with stockmarket punters and the shares soared to an opening premium of 42 per cent, valuing the business only f5m short of yesterday's sale

SIR JAMES GOLDSMITH, the that he had attempted to buy colourful international finan- the company for £125m about 18

They have agreed to sell the company-where they own a 76.2 per cent stake for £90m to Alfred Walker, a former Birmingham housebuilder now bemingham housebuilder now behigh-rollers' one quarter of high-rollers' has high-The lower purchase price Aspinall's customers - has hit all London casinos, and in the last full year Aspinall's "drop" fell from £146.4m to £114.7m. Profits in 1985-36 were £7.3m be-fore tax, and in the six months to March 1987, it made £4.42m.

Walker, which is almost trebl-ing its size via the acquistion, has agreements with Mr Aspinall and Sir James for the buy-out of Aspinall's non-casino in-vestments - including a £14.8m position in the copper market. This should guarantee that Aspinalls receives around £25m in

The terms are either 51 Walker shares for 100 Aspinalls or 173p in cash. Sir James and Mr Aspinal are taking cash in respect of the bulk of their combined holding - £58.5m - but retaining 29m Walker shares, about 6 per cent of the company. Yesterday, Walker shares shed

London casino stake | Private investors in BP sell-off will be offered bonus shares

E7.5bn British Petroleum share sale, the largest privatisation yet, will be offered a package of special inducements including bonus shares, NM Rothschild, adviser to the Government on the issue, announced yesterday. Although most recent privatisations have included bonus shares for loyal shareholders, this is the first time that a sale of shares in a company already mum investment would be of shares in a company already quoted on the London Stock Exchange has been sweetened in such a way, and reflects the Government's desire to make the BP issue as attractive as possible to small investors.

However, BP shareholders will not be offered other inducements like petrol vouchers.

The terms of the bonus issue

PRIVATE investors applying one new share for every 10 held for shares in next month's for three years, up to a maximum of 150 bonus shares - are similar to the bonus package of-

child said yesterday the mimi-mum investment would be about £250, with a first instal-ment of no more than £100. This again is the same level chosen for the British Gas privatisa-

Rothschild yesterday ex-pressed satisfaction at the re-sponse so far to the BP share marketing drive, which it said

150,000 responses a day from shareholders. So far 3.75m people had registered their interest, a higher level of response than at this stage in any previous privatisations, the bank

Payment for the shares will be made over the next 18 months. The first instalment monns. The first missiment likely to be about one third of
the total price - will be payable
in October, with the second instalment in August next year,
and the final in April 1989.

Mr Anthony Alt, a director of NM Rothschild, said yesterday those terms would increase the yield on the shares, which he estimated in the first year could be about 10 per cent on the part-

Coal overtime ban goes ahead

THE PLANNED overtime ban THE PLANNED overtime ban in Britain's coalfields will go ahead from next Monday, after the National Union of Mineworkers and British Coal yesterday failed to agree terms for referring to arbritration their dispute over the industry's disciplinary code.

However, the ban will not affect safety and maintenance work and should, therefore, guarantee full five-day coal pro-

ouction.

The union executive decided to limit the ban to coal production and development work in overtime. This was seen to reflect many miners' fears of a crippling dispute so soon after the industry's 1984-85 strike.

The executive agreed to seek reference to arbitration by Acas, the Government-support-Acas, the Government-support

by arbitration, it was "always happy to meet Acas' - on two conditions.

These were that the NUM should call off its threatened ban and accept British Coal's right to determine at which pit any dismissed miner should be re-employed. The union could

did not consider the issue at stake to be suitable for decision

Banker will head **Takeover Panel**

mer Antony Bellyon, an ex-ecutive director of Hambros Bank, was yesterday named as the next director-general of the Takeover Panel, the top staff position at the self-regulatory watchdog for City of London mergers and takeovers.

Mr Beevor, aged 47, will assume his position on December 11. Like his predecessor, Mr Jehn Walker-Haworth, Mr Beevor has been seconded to the panel for two years: Mr Walker-Haworth is to return to S.G. Warburg, the merchant bank, when his term ends. The new director-general, the

first to be supplied by Hambros, is returning to the panel after an absence of 16 years. He served as secretary of the panel in 1969-71, part of his 25 years. experience in takeovers both as solicitor and merchant banker.

The executive guides and rules on the conduct of take-overs, although participants have the right of appeal to the full panel. This was used yesterday in the case of the late bid by

Crownz, the Canadian financial services group, for two money brokers owned by Mercantile House, the British financial services company which has agreed to a takeover by British & Commonwealth Holdings.

Mr Beever was chosen by Mr Robert Alexander, the barrister who has been chairman since July, with the approval of the Bank of England. He will re-main on the Hambros payroll, but the panel will fully reimburse the merchant bank.
All but four members of the

panel's 16 permanent staff are seconded from government or the City.

The panel plans to revise the wording of rules governing dis-closures of stakes held in companies involved in takeovers.
The change will not affect the
new thresholds brought in February - requiring holders of 1
per cent or more of a company to disclose any change in their

Men and Matters, Page 24

Airline seeks City travellers to Paris

BY LYNTON MCLAIM

BRYMON AIRWAYS yesterday unveiled the Cityclass service which it proposes to offer business travellers from the London City Airport when it opens on October 26.

The service will include a Cityclass club and lounge at the airport, where members will be able to boy duty-free goods.

Passengers will also be able to book cars while in-flight, through an agreement with Eu-

through an agreement with Eu-through an agreement with Eu-ropear, and taxis if agreement can be reached with the taxi au-thorities. Tickets for local trav-el using public transport at Charles de Gaulle airport, Par-is, and for buses from London

is, and for buses from London City Airport to the City will also be available on the Paris flights.

Mr Charles Stuart, chairman and chief executive of Brymon Airways and a former marketing director of British Airways, said he wanted Cityclass to be accorted by potential passen. accepted by potential passen-gers in the way that British Air-

ways' shuttle was accepted as a 'turn up and fly' service.

Competition on the route be-tween London City Airport and Paris is likely to be intense. Brymon Airways, which is management owned with a 40 per stake held by British Airways, will be competing with Eurocity Express, owned by British Mid-land Airways.

Both airlines will be using the de Havilland Dash 7 aircraft, with about 46 seats. Brymon is to offer six flights a day and Enrocity four flights.

Air France has an agreement with Brymon for it to use the Air France terminal at Charles de

Gaulle, with each airline tharing costs and revenues.

Mr Bernard Morel, general
manager of Air France for
Great Britain and Ireland, said
the total journey time between
the City and the centre of Paris
could be about two hours and 20
minutes.

Union digs in for long fight at Royal Opera

are not on strike but simply refusing to accept new contracts, said yesterday that it would be appealing as from next Monday to all its members to contribute to a special hardship fund in support of the chorus.

Equity said that the members of the chorus would return to work this weekend if manage-ment agreed to accept arbitra-tion. But ROH indicated yesterday that it still believed such a move would not serve any use-ful purpose. As far as the board is concerned there is no more

THE MANAGEMENT board of the Royal Opera House is to hold an emergency meeting to-day to discuss the future of the company in the light of a pay dispute involving 69 members of the choruswhich has cost the company £1.25m in lost box-office bookings.

The move comes amid signs that Equity, the actor's union representing the chorus is bracing itself for a long fight. The union, which claims that the 69 are not on strike but simply refundermine what it described to the control of the c lowances, it was not raising its basic offer of 4 per cent. It said that any further increase would risk upsetting 1,600 other employees who have already settled for 4 per cent. It would also undermine what it described as its "perilous finances" as a result of a cut in funds from the Arts Council. Arts Council

Equity yesterday accused the management of getting its priorities wrong. "All we are asking for is comparable money for comparable work. We are talking about the leading opera house in the country and we would expect the management to pay number I money for a to pay number I money for a number I chorus.

The two-week dispute has led is concerned there is no more money available, the ROH said yesterday.

The pay offer involves a basic rise of 4 per cent plus an additional supplementary payment of £4 a week, bringing the maxi-



A first-class finish is vital to Arenson International, makers of high quality, wood veneered President office furniture.

But they found that drying their lacquers with gas-fired steam batteries was proving less than satisfactory, and taking far too long. So after consultation with their local Electricity Board they decided to switch to a

new ultra-violet lacquer-curing system. Immediately quality improved and productivity increased greatly Process time was cut from 50 to 3 minutes, with faster start-up, and weekly instead of nightly cleaning. Improved working conditions were an added bonus.

The £38,450 saving per annum on energy and materials alone brought a 3 year payback; production increased, overtime decreased. Altogether a thoroughly polished performance.

But the final words should come from Arenson themselves: "If we had to put in another finishing plant, there is no question at all it would again be an all-electric system".

This is but one example from thousands of companies each year who invest electric and profit.

Like pharmaceuticals manufacturer Pharmax Ltd, who changed to an electrode boiler operating on low-cost night-rate electricity, and cut the cost of producing raw materials for baby creams by 80% - automatic close control of temperature and pressure resulting in higher material yields.

Or like Barzillai Hingley who manufacture forgings for marine and general engineering. Their change from oil-fired furnaces to induction heating prior to forging has improved productivity by 20%, cut down-

time by 90%, energy costs by 60%, and repaid capital costs in less than 12 months. Find out more about how your company

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Vichaei Ca

we feel in any way that we are being sold down the river, that

Liberal principles are being sacrificed or that anything but a 'ground-up' democratic party is going to emerge."

The main reservation among speakers in the debate was that

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Delegates express merger doubts

LIBERAL uncertainties about the proposed merger with the proposed merger with the proposed merger with the success to 2l, with nine abstending an emotional debate, which ended with a resounding majority in favour of a motion setting out the party's starting point for merger talks.

The mood of the 2½-hour debate was summed up by Mag.

Parcete by

Delegates approved by Mag.

Opening the debate, Mr Time Clement-Jones, the party chairman, said the talks were an historic chance to require the Liberal and Social Democratic which had divided between the Liberal and Labour parties after the First world War.

Rut the most enthusiastic ovamerger talks.

The mood of the 2½-hour debate was summed up by Ms Maggie Clay, of the Association of Liberal Councillors, who told delegates: This party has established that it wants merger. But many of us will fight and fight if

Reports by TOM LYNCH and RALPH ATKINS. Pictures by ALAN HARPER

elected by all members, a federal structure, representative as-semblies, a constituency basis of association and the right of

speakers in the debate was that statements of policy might be built in to the foundations of the new party. Delegates applauded several of those who argued that the party should be built on principles - policy determination should be left to its mambers.

Mr Des Wilson, the party president, suggested that the solution might be to adopt the 1987 Alliance election manifesto as the starting point for urgent and radical policy development by the new party.

He attacked the Government

for falling to create a true framework for competition and criticised the sale of state monopolies like British Telecom.

These, he said, raised money for

the Government but did nothing to help wealth creation.

But the most enthusiastic ova-tions of the day, highlighting doubts in the minds of many, were for an emotional speech by Sir Russell Johnston, the MP. for Inverness, Nairn and Locha-ber, who sounded a lament for the end of the Liberal Party, and an anti-merger speech by Ms Claire Brooks (Skipton), who warned against giving too much power to the new party's leader-ship

ship.

Sir Russell, the pro-merger leader of the Scottish Liberal Party, said there should be "some grief with the joy" over the move towards the new party. He told the negotistors they had a duty to get the merger terms right. To lose the spirit of Liberals and suggested that the 1987 election manifesto, which Liberals had fought on only a few months ago, abould still be acceptable to them.

The assembly decided not to carry out a ballot of English members on the principle of many after delegates argued that it would delay the negotiations and that a decisive conference was enough to organ-

You cannot solve Britain's

problems by setting up another Cabinet committee under a dif-

The policy set out in the mo-tion was, he said, "a 20-year-old dish of cold porridge."

Some support, however, was given by Lord Eara, former chairman of the National Coal

to harass unilateralists within the party and voiced concern over statements by Mr David Steel, the Liberal leader, that he favours some aspects of the SDP constitution. Their constitution is oligarchic, centralist, authoritarian, deliberately designed to preserve power in the hands of an elite."

hands of an elite."

Mr Wilson supported the proposition that the new party should be built on principle, because policies had to change with time and circumstances for example, he had accepted a commitment on nuclear defence in the 1987 manifesto which might not be valid by the time of the next general election.

However, he argued that the fears of some SDP members on policy questions must be addressed by Liberals and suggested that the 1987 election manifesto, which Liberals had fought on only a few most be addressed.

policy pact be a part of the foun-ding of this new party." She ence vote was enough to organ-feared the use of such a device ise the talks.

research effort.

If Matthew Taylor, MP for Truro, admitted the motion contained only a collection of ideas

sector ventures, expanded training and an enhanced civil

ferent minister to the last one.
It is the British people who will solve the economic malaise of Britain, not the Government." He said it offered the chance to apply grassroots Liberalism to an industrial strategy.

Industry strategy 'like failed 1960s ideas' work" followed by steps to re-generate industry. This would include increased investment, more joint public and private

and little vision. But he said Liberal policy on the economy was in the early stages of devel-

"We need to concentrate on policy that allows local busi-

al strategy was only narrowly passed by the assembly yester-day after being attacked as out-dated, against Liberal traditions and like a "dish of cold porridge."

The motion - which repeated ideas set out in the party's gen-day set out in the party's gen-day after being attacked as out-dated, against Liberal traditions and like a "dish of cold porridge."

The motion - which repeated in the economy as a whole what we seek within each firm,"

This mish-mash has no place in a new party for the 1960s, he said. Liberals traditionally argued the importance of individuals in the economy.

He called for greater emphato belp wealth creation.

He said that although official figures published on Wednesday showed manufacturing output was now higher than in 1979, it was still below the level of 1974. This maintained was now higher than in 1979, it was still below the level of 1974. This maintained was now higher than in 1979, it was still below the level of 1974.

He argued that everyone carried some blame for the Hun-gerford tragedy, because people had tolerated the "brutalisation of their society by allowing the sale of violent and porne-graphic material.

The assembly carried a mo-tion uning the Government to press ahead with its promised review of gun law, including an assessment of whether ammuni-tion or semi-automatic rifles should be allowed in private houses.

Divergent factions manoeuvre for position in merger talks

AFTER the debates, the battle of the negotiations has now started. Liberal delegates will today elect members of the ne-gotiating team, while on Mon-day the SDP's national commit-THE TIGHT security at the as-sembly was highlighted by a delegate who said police had warned him his life would be 'in grave danger' if he flourished a toy gun without warning.

day the SDP's national commit-tee will choose its side.

In both cases there is consid-erable manoeuvring for posi-tion among internal factions.

Some of the internal Liberal ar-gument has been subsumed into

Mr Paul Simple, of the Young Liberals, produced a 99p model of a Manser automatic pistol, bought in a toy shop at Banbury, Oxfordshire. canvassing for the rival slates.

From the establishment side there are former presidents and close allies of Mr David Steel such as Mr Richard Holme and Mr Alan Watson and Mr David Mr Alan Watson are street than the street of He said the toy had caused such concern at the entry to the Hughes from the association of parliamentary candidates. conference hall that it had tak-en him half an hour to get in,

parliamentary candidates.

The tribunes of the grassroots are likely to include former MP Mr Michael Meadowcroft, retiring party president Mr Des Wilson (presumably in his role as outsider rather than insider) and Ms Maggie Clay, organising secretary of the Association of Liberal Councillors. There are also candidates backed by the Women's Liberal Federation and the Young Liberals. with the warning from a police chief inspector ringing in his During a debate on the Hun-gerford killings, he carefully produced the toy with its wrap-ping and told conference it had been sold as unsuitable for chilen sold as unsuitable for children under five. I don't believe it is suitable for a child of any age. It epitomises a society which glorifies killing."

are arguing that no decisions should be taken on the policy of the new party until after it has been set up. This contrasts with the view of both Mr Steel and Mr Robert Maclennan, the SDP If Simple also produced a magazine called Air Gunner, featuring on its cover a teenager with a rifle, dressed in a combat jacket and a Rambo-style leader, that a joint declaration leader, that a joint declaration on a policy stance should be issued before a merger vote. This is a confusing area in which subtle nuances take on an exaggerated significance.

Given the size of the probable negotiating team - not far off 30 in total from both sides - there will be representatives of all erals falling short of merger) headband. "It is a disgrace that a few weeks after the killings in Hungerford a magazine such as this, which glorifies this part of character, should be on sale."



Calm before the merger storm? David Steel at work on a speech on his hotel room belcony in Harrogate

and the Young Liberals. Iles. The balance of the national The ALC-backed candidates committee may have shifted. A are arguing that no decisions number of people who voted in

PETER RIDDELL on the complex battle surrounding

in total from both sides - there one" (closer links with the Libwill be representatives of all
groups.

The SDP's problems are different. The anti-merger group
led by Dr David Owen has so far mer MP Mr Lan Wrigglesworth.
had a majority on the national Some opponents, such as SDP
committee. Dr Owen has said he whip Mr John Cartwright, will
will not obstruct the negotiations.

Ref the progressor group reRef the progressor group represident, has made it known.

Mrs Shirley Williams, the Spiritions.
But the pro-merger group remains suspicious about whether that if there is any threat of obthis policy will prevail in practice, notably among some of Dr the heads of the anti-mergar
Owen's more enthusiastic algroup to local party activists.

In a speech on Wednesday evening, Mr Bill Rodgers said: "It would be indefensible for any Social Democrat to seek to impede behind closed doors a process of negotiations openly approved."

The SDP negotiating team is likely to include Mrs Williams, Mr Wrigglesworth, Dr Mabon, possibly Mr Rodgers and local council, regional and special Scottish and Welsh representa-

There is still uncertainty about how the learns will be led. Mr Steel is hardly a details man and talked on Tuesday about putting those involved in a locked room. By contrast, Mr Ma-clennan, the architect of the

self on such nitty-gritty and sees himself as a guardian of the SDP's integrity in the talks. The danger is that if the talks run into trouble Mr Steel will be a one-man court of appeal when that should be the role of

ness to develop and create per-manent local jobs," he said.

appointments you can rely on to run on time.

At least there are 3

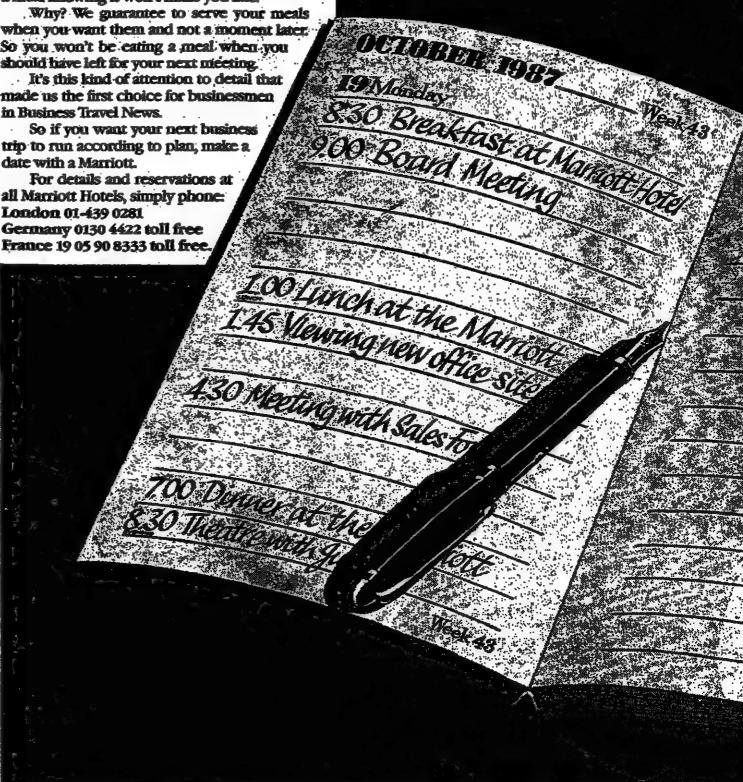
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Backroom peer to the fore

competition policy.

But Mr Trevor Jones (West chairman of the National Coal Board Holme, a member of the party's policy committee, ed ideas too like the failed in ment of a competitive frame-

Michael Cassell on the career of Lord Tordoff

GEOFF TORDOFF can hardly be included among the ranks of open-toed, woolly-hatted, badge-bearing Liberals who

The motion - which repeated ideas set out in the party's general election manifesto - pledged Liberals to a "positive industrial policy" with government acting in partnership with industry and unions. It was passed by 437 votes to 412.

The 51-line motion called for an industrial strategy Cabinet committee and for laws to force commanies to declare research

companies to declare research and development spending in annual reports. Other ideas in-

and developments. Other ideas inannual reports. Other ideas included financial incentives for
it was still below the level of
it was still below the level

lend a certain piquancy to their party's annual assembly. Neither does Lord Tordoff, the party's Chief Whip in the Upper House, fit the caricature: of an aging, tweeded Liberal peer. He will be 59 next month, and is used to people assuming that his relative youth implies his peerage must be hereditary, which it is not. I am afraid it is

the automatic conclusion if you are under 70." But he is acutely conscious of the rich mix of personalities which makes up his party and is

which makes up his party and is concerned to ensure that any political machine which emerges from the Liberal-SDP negotiations always has room for its character, its charm and its strength. Whatever lies ahead, they have a role to play."

This week, the former chemist whose allegiance to Liberalism was sealed by Jo Grimond's stand against the Suez invasion, played a pivotal role in the merger debate. On Tuesday, he chaired the key session on the need for a new party and then need for a new party and then worked late into the night to help produce the motion which went before delegates yester-

went before delegates yesterday.

Though he was criticised for his handling of the few antimergerites, Lord Tordor's caim countenance and self-deprecating humour helped set the tone for a realistic, well-measured debate. He believes the whole week has helped prove that the Liberal Party has grown up.

"We have become much more experienced, largely because we now have so many people in local government and the party has this week shown itself to be extremely self-restrained. Everyone realises that a great deal is at stake, he says.

A Mancunian who spent 30 years in a marketing role with Shell Chemicals, Geoff Tordor, as he is known by delegates, has been in the Lords since 1981. He was in fact the last Liberal to be included in a list of working.

local government and the party has this week shown itself to be extremely self-restrained. Everyone realises that a great deal is at stake," he says.

A Mancunian who spent 30 years in a marketing role with Shell Chemicals, Geoff Tordoff, as he is known by delegates, has been in the Lords since 1981. He was in fact the last Liberal to be included in a list of working refusal to add any more to his hard-working team is a source of considerable annoyance to him.

He admits that his entry to the sembly committee in the last of the was chairman of the assembly committee in the last of the party throspe's leader policy issues should be pursued this side of a merger but accepts that matters like defence and the desire for a federal structure for the new party will cause a certain amount of an braced the Lib-Lab pact. He has been in the Lords since 1981. He was in fact the last Liberal to be included in a list of working team is a source of considerable annoyance to him.

He admits that his entry to the

He admits that his entry to the Lords was, in a sense, the second prize in politics, having committee in 1979 and 1983, actfought three times for a seat in the Commons. In 1966 his agent was none other than Tony Greaves, now a leading Liberal activist and professional thorn in as a trouble shooter and professional thorn in greatest strength lies in his ability to feel accurately the



ehy.

Ever since the early 1960s,
Tordoff has been involved in
the party organisation, first at regional and then national lev-el. He was chairman of the as-

national crisis.

Lord Tordoff was also chairman of the party's campaign committee in 1979 and 1983, active parties have the ability to work together and pull off which has a chance

in the flesh of the party hierar-pulse of the party, something thy.

Ever since the early 1960s, portant than now.

He is sure the merger will happen, though the going over the next few months will not be easy. He expects an acceptable

something which has of changing the shape of British politics. I think they have and I think we will."

Spycatcher reading goes silent

LIVE BBC television coverage of the conference was interrupted when Mr Paul Nicholls (Norwich North) began to read an extract from Spycatcher, the book by Mr Peter Wright, the former security service officer.

Mr Nicholls had earlier challenged the BBC in a letter to ignore the Law Lords' decision.

Mr Nicholls told delegates that allegations about the activation of the injunction still further in its scope to silence the broadcast of a debate of a major demonstrate political party.

However, as Mr Nicholls, A motion calling for the Government to withdraw its injunction within the terms of the injunction.

Mr Nicholls told delegates that allegations about the activation of the injunction still further in its scope to silence the broadcast of political censors.

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Mr Nicholls told delegates that allegations about the activation of the injunction still further in its scope to silence the broadcast of the injunction still further that allegations about the activation of the injunction still further that allegations about the activation of the injunction still further that allegations nore the Law Lords' decision read aloud an extract from page upholding the Government's injunction against publication of mission on its broadcast to keep

ernment to withdraw its injunc-

City agrees sale of market to developer

By Paul Cheeseright, Property Correspondent

THE CITY of London Corporation opened the way for a 2500m urban redevelopment scheme when it agreed to sell the 11-acre site of the historic Spitalfields market to a consortium led by London and Edinburgh

Neither the City nor the con-sortium yesterday would speci-fy the price until the contracts are signed. The sale depends on the approval of the full City council and the agreement of Parliament to move the market to a site bought by the consor-tium at Temple Mills, three

The Spitalfields fruit and veg-etable market, although owned by the City Corporation, is in the borough of Tower Hamlets and was recently the site cho-sen by Prince Charles to call for a crusade to rescue deprived in-mer city areas. ner city areas.

Redevelopment of Spitalfields and the construction of the new market at Temple Mills, which will cost \$24m, could both start in early 1989, provide the bill to relocate the market gains

Royal Assent Three groups had tendered for the purchase of Spitalfields:

The winner, Spitalfields Development Group, which com-prises London and Edinburgh Trust, Balfour Beatty and County and District Properties, with London and Metropolitan as

by Liverpool Street station.

Spitalfields Regeneration
Project, a group of architects
and consultants put together by
Priests Marian Holdings and recently joined by Sir Robert McAlpine, the construction

company.
Spitalfields Development Group for three years has con-sistently made the running on the project. It had hoped a year ago to persuade the City Corporation into a negotiated sale. It hed the distinct commercial advantage over its rivals that it had accumulated sites along Bishopsgate which gave the market site a direct opening to

the City of London.
The development package Spitalifields Development Group has agreed with the Tow-er Hamlets planners covers 1.75m sq ft of space, of which 810,000 sq ft is office accommodation. The rest is a mixture of housing, shopping, industrial units, a fashion centre, commu-

This is a compromise, which has been controversial locally, between the desire of the planners for more housing and the need of the developers for as large an office content as possible to ensure the financial prof-ltability of the project. At one stage Spitalfields Development Group had proposed 1.27m sq ft

The consortium claims that the borough's income from rates will rise from £250,000 to £10m a year as a result of the development.

Air traffic disrupted as computer fails

By Michael Down, Aurospace Correspondent

AIR TRAFFIC into and out of London's Heathrow and Gatwick Airports was disrupted for several hours yesterday when software for the main computer at the West Drayton air traffic control centre became unserviceable during the traffic peak. Some inbound flights were di-verted to near Continental air-

ports and outbound traffic was delayed. Air traffic controllers Computer control was re-stored by about 8 am but there were delays for some time as the backlog of flights was

The engineers only the previous day called off a work-to-rule dispute with the Civil Aviation Authority over pay and condi-

The CAA denied that the computer failure had anything to do with the dispute with the engineers. However, it agrees that some of the West Drayton equipment is ageing and liable

Replacement of the main West Drayton computer is part of a £200m programme now under way to improve air traffic control equipment

Grants to local authorities to be streamlined

A STREAMLINED system of paying the annual government grant to local authorities will be introduced when the communi-ty charge, the so-called poll tax, comes into force, Mr Michael Howard, Local Government Minister, told the Association of District Councils conference

yesterday.

This was being done so that those paying the charge would be able to receive a simplified annual rate demand giving them full details of any overspending by their authority. spending by their authority.
Mr Howard said: "I believe that accountability is the key to

those services."
Mr Howard will soon publish simplified proposals for provid-ing government grants to local authorities. He said these would make community charge bills easier to understand and make very clear the relationship between council spending and the amount levied by a local authority.

The bills would spell out ex-

actly what people should pay if authorities spent at the level the Government considered ap-propriate. They would show the total cost of local-authority seris developing Broadgate, the massive office complex at near-by Liverpool Street station

THE GOVERNMENT plans to increase its spending on repair and maintenance of conneil homes by 9.2 per cent next year, writes Andrew Taylor. It wants local authorities to increase its share of spending by a similar amount, equivalent to a 11.60 and increase in

The spending proposals for 1988-89 were announced yes-terday in two consultation pa-pers published by Mr Nicholas Ridley, Environment Secre-tary, and Mr Peter Walker, Weish Secretary.

ness rate and the amount of the community charge.

This means that everyone will see what is really going on in the finances of their local authorities, said Mr Howard. In that way local authorities will be fully accountable to their

The green paper on poll tax proposals for England and Wales suggested the Government should pay a standard grant, of a fixed amount per adult, to local authorities, and a needs grant, to compensate them for variations in spending. Mr Howard said the Govern-ment had now decided to have a single grant, called the revenue support grant. This would sim-plify explanation to communi-iy-charge payers and clarify ac-countability.

Merger discussed by two more City solicitors

DURRANT PIESSE, solicitor, yesterday confirmed it was discussing a merger with Lovell White & King Talks have gone on for several months. A deal may have the consent of partners from both City forms by the consent of partners. ners from both City firms by the month's end.

month's end.

Durrant Plesse, formed by merger in the early 1970s, has grown fast in the past few years. It has 32 partners and specialist legal divisions in hanking, financial services and litigation, as well as property and commercial divisions. It was the first British firm of solicitors to open a branch in China.

Lovell White & King has 68 partners. It ranks at the lower end of the City's top 10 firms. Its

interest in Durrant Plesse is probably in adding banking and financial expertise to its range of legal services. A growing trend to mergers of City solicitors emerged after Clifford Chance was formed from the union of Clifford Turn-er and Coward Chance this

Shopping centres policy tightened By Paul Cheeseright, Property

THE GOVERNMENT yesterday

tightened its policy against the construction of large shopping centres outside urban areas. It sent a draft circular to local authorities reiterating its stand that such centres have no place in green belts and stressing that

they are not acceptable in the

open countryside. The draft circular said exceptions may be made if shopping centres are planned outside urban areas where they reclaim derelict land and where they will have diffuse impact on existing shopping centres. "Such cases are likely to be few," it

An example of such a development is Cameron Hall's Me-troCentre at Gateshead, Tyne-

The Environment Department is inviting comments on the draft circular by November 20. The submissions will then be considered and a definitive circular sent to local authorities. This would provide the basis of the policy which local authorities would be required to apply when considering planning applications for out-of-town shopping developments.

The Government's move is in-tended to clarify what many lo-cal authority planners, con-fronted with a rash of planning was offset by a further rise in its applications, had seen as a messy policy. Government plan-ning policy is geared towards economic development but it has constraints on environmen-

If the draft becomes defini-tive it is likely to thwart plans put forward by individual de-velopers for a series of shop-ping centres along the M26 Lon-don orbital motorway.

Yesterday Prudential Corpo-

ration started an information campaign to win support for one such plan at Hewitts Farm, near Orpington, Kent In another aspect of its retail planning policy, the Govern-ment seeks in the draft circular to weld shopping developments into its effort to promote urban

regeneration.
The modernisation and refurrise inoternisation and refur-bishment of town centres, espe-cially where this involves the use of derelict land, is welcome, the draft circular said, but there was an implicit warning to local authorities not to stiffs new developments The draft circular save: "Only

in the case of very large developments, or where several major developments are being considered concurrently, are the effects likely to be so substantial to the several major developments are being considered concurrently. tial as to raise serious questions about the future of nearby town

Unemployment total falls to 2.8m

UK UNEMPLOYMENT

BRITAIN'S official unemployment total, seasonally adjusted and excluding school-leavers, fell by 43,300 in August to stand at 2,833,000, the Employment

Department said yesterday.
That took the decline in the past year to 376,000, which the department said, was the largest on record. The total has been falling consistently size. June 1986, and government statisticians showed the latest monthly decline is close to the underlying trend.

The official jobless total, however, is still around 1.7m higher than when the Conservatives took office in 1979. That increase is considerably more if changes in the compilation of statistics and the expansion of special job measures are taken into account.

The improving trend in the la-bour market has been fairly evenly spread between regions in the last year, with only Scot-land and Northern Ireland recording falls in their jobless rates of less than one percentage point. The biggest gains have been made in the West Midlands and in the south-west.

Large regional disparities re-

South West 8-4% East Anglis 7-52 South East 72% LINITED KINGDOM loyment rate of 14.1 per cent in ure is erratic and point out that if the latest three months are taken together employment in manufacturing was stable. That compares with an average monthly fall of 4,000 in the previous three months

Surging manufacturing output to the last few months has been

the north of England compared with a rate of 7.2 per cent in the south-east. In spite of the fall in the past year, the West Mid-lands still has a jobless rate of 11.3 per cent against a national average of 10.2 per cent.

Separate figures for employment show a suprising drop of
17,000 in the number of jobs in
manufacturing in July. Officials
believe, however, that the fig-

by 7.2 per cent. During the same period, average earnings rose by an underlying 8.25 per cent, up from the rate of 7.75 per cent at the start of this year. There are, however, signs that

In the year to July output per head in manufacturing was up

the pace of growth in unit costs has accelerated. In April, for example, wages and salaries per unit of output in manufac-turing were fractionally below the level of a year earlier while in the 12 months to July there was an increase of L7 per cent. The department's unadjusted unemployment total showed a fall of 41,000 during August to 230,000 That figure, however, excludes 115,670 school-leavers who are not yet allowed to claim

The impact of the special job schemes in reducing the unem-ployment total is reflected in a 65,000 increase over the last year in the numbers of the Youth Training Scheme to 380,000 and in an 18,400 rise in those on adult schemes to 376,000.

No figures are available for the impact of the Restart pro-gramme on long-term unem-

or S

Invisible earnings offset trade imbalance

sernings from its overseas as-sets, financial services, tourism

sets, financial services, tourism and shipping.

The Trade and Industry Department said yesterday it had revised upwards its estimate of the surplus on trade in such so-called invisibles during the first six months of the year to £4bn, from the £3.4bn published inviting this month. earlier this month.
It emphasised that the figures

were still tentative, but on the busis of the latest information it

The latest statistics, however, do show a marked deterioration in Britain's external position between the first and second quarters. A visible trade deficit of £1.13bn between January and March more than doubled over the next three months to £2.36bn. That deterioration appears to have continued in re-

That meant that while the ourrest account was in surplus for the first half of the year as a yesterday, the department said in 1972. rest account was in surplus for

whole, there was a deficit of £174m in the second quarter. Mr Nigel Lawson, the Chan-cellor, said yesterday that the center, sain yesternay that the current-account deficit for the whole of 1987 was now expected to be below the £2.5bn shortfall he had forecast in his March

The continuing improvement in the invisibles balance re-flected a marked increase in earnings from services, particu-larly those in the financial sector, and a substantial rise in the net surplus on overseas invest-

that capital spending by manufacturing industry, measured in 1980 prices, rose by more than 14 per cent to £1.9bn in the three months to June compared with the previous three months. That left it 10 per cent higher than à year earlier.

The rise provides evidence that industry is responding to the upturn in demand by investing more in plant and machin-ery. That follows a prolonged period in which investment has been flat, and the volume of capital spending is still sub-stantially below the levels seen

Dollar stability accord is Lawson priority

BRITAIN'S priorities at this recent pressure on the dollar as anoth's international meetings a result of a ranewed rise in the law as concerned, however, a reaffirmation of February's Louvre currency accord and to increase aid to the poorest African nations, Mr Nigel Lawson, the Chancellor, said yesterday.

Briefing journalists ahead of the last the important that the Bonn governs as the time of the last file was concerned, however, as one other Western governments.

The pace of growth in West in the plan, which involves translating some existing official currencies. The exchange rates of those currencies were very disappointing, and it was important that the Bonn governments.

The pace of growth in West of the proposals from that the prospective reduction in the US Budget deficit this year should be repeated in 1983.

The pace of growth in West of the proposals from that the prospective reduction in the US Budget deficit this year should be repeated in 1983.

The pace of growth in West of the part of the proposals from that the prospective reduction in the US Budget deficit this year should be repeated in 1983.

The pace of growth in West of the pace of growth in West of the pace of growth in West of the proposals from ments. the annual meetings of the In-ternational Monetary Fund and the World Bank, Mr Lawson said he was confident that Feb-ruary's agreement by industrial reary's agreement by industrial countries to stabilise the dollar would remain in place.

He rejected suggestions that and he expected no important

rates of those currencles were very little different from those at the time of the last IMF meet-ing in April, "so I see no reason to move the goalposts at all, he said.

initiative at this month's talks. He was concerned, however, that the prospective reduction in the US Budget deficit this year should be repeated in 1988. The pace of growth in West Germany, meanwhile, was still "very disappointing", and it was important that the Bonn government should continue to press ahead with its tax-reform programme.

The Chancellor said he was determined to push on with his debt relief plan for the poorest countries of sub-Saharan Africa, in spite of opposition to as-

ting concessional interests, was assential to prevent the debt burden on many countries from rising to intolerable levels. Britain would also support proposals for a large increase in the IMP's structural adjustment facility, which provides concession financing to the poo-

juojects.
These ideas would all weaken

the effects of a free market in electricity. A state-owned nu-clear company would dominate the industry's capital plans. No

private sector company would dare build a coal-fired plant in

direct competition, because whatever it cost to bulld, the nu-clear plant would have much lower marginal costs and would

be run in preference to a coal station at off-peak times.

Max Wilkinson continues a series with an analysis of a sensitive sector of the energy industry

Political risks of putting nuclear power into private hands

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power station.
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The idea of such an advertise-ment is by no means fanciful al-though the Government's plans for privatising electricity do not envisage selling off individual

nuclear reactors.

Even so, any prospectus for the sale of the electricity industry would require investors to take a view on its nuclear sector, which produces 16 per cent of Britain's electricity, and might produce a fifth by the mid-1200s.

There is no reason why nucle-There is no reason why nuclear stations should not be moved

to the private sector, provided that the independent Nuclear Installations Inspectorate re-mains in charge of the all-important safety regulations. However, after the disaster at Chernobyl in the spring of 1986, the Government must be won-dering whether the public would be happy with the idea of putting nuclear power into pri-vate hands.

The majority of this power still comes from elderly Magnox stations, a first generation gascooled reactor. The eight stations south of Scotland, with a

ally be phased out over the next 15 years. Since they are cheap to run the only question for a potential luve tor is bow long the safety inspectors would allow them to been going. An extra five years life could yield a total benefit of about £1.5bn. two and a half times the industry's after-tax profit for last year. The judgment of safety ex-

The judgment of safety experts having such a large potential impact on the industry's profits is bound to focus investors' attention on the plans for new investment in nuclear plant, particularly in view of the continuing problems in commissioning the latest of the advanced gas-cooled reactors at hundress and Hartlespeed and Dungeness B, Hartlepool and Neysham 1.

Largely because of these commissioning problems, the Cen-tral Electricity Generating Board is building its first Pres-

this type can be built on time and commissioned rapidly. However, the British nuclear industry has yet to prove it can emulate the performance in France, where 44 nuclear stations are producing about 70 per cent of domestic electricity people of the performance of the people of the

per cent of domestic electricity needs as well as an increasing volume of cheap exports. France's consumers have been told that nuclear power will enable electricity tariffs to be reduced by 1 per cent a year in real terms until the end of the century.
In three to four years' time,
when British electricity is ex-

when british electricity is ex-pected to be packaged for sale, the CEGB's performance in building its first PWR may be clearer. Shareholders - or their pected to be packaged for sale, starting with the second at the CEGB's performance in building its first PWR may be clearer. Shareholders - or their board - will then have to decide the second at th



whether to allow the CEGB's successor to proceed with its plan for about five stations starting with the second at Hinkley Point on the banks of

in view of the Government's difference whether new nuclear ble tax treatment of nuclear strong commitment to nuclear reactors were offered for sale projects. main focus will be the high capital cost - about £1.6bn for Sizewell-the long payback period and the inevitable uncertain-

and the inevitable uncertain-ties of a new design.

In his exhaustive report on the Sizewell project, Sir Frank Layfield, the planning inspec-tor, judged that it would pro-duce a worthwhile saving in electricity costs over its life-time compared with an equiva-lent coal-fired station but this view was based on the assump-tion that the cost of capital view was based on the assumption that the cost of capital would be 5 per cent a year in real terms, and that international coal prices would rise.

Any investor who thought his capital should earn, say, 10 per cent would probably prefer a coal-fired station at half to two-thirds of the price.

reactors were offered for sale individually or as part of a larger generating company. In ei-ther case the private sector in-vestor whould have to decide whether to forgo earnings on the capital cost for perhaps a decade or more in the hope of a

decade or more in the some of a longer-term benefit. In view of the big political risks of nuclear power, the private sector would probably want to see a better track record than the UK nuclear indus-

try can provide so far.

In the face of this uncertainty, the Government has three op-

The first would be to keep nuclear power in the public sec-tor. The second would be to frame regulations to allow electricity companies to pass on some of the capital costs of nu-

of nuclear capital costs, would be difficult to devise and would run counter to the hope that pri-vatisation will make the indus-try more responsive to wider economic forces. That leaves subsidies, which would be the most open way of promoting a political priority, but would not be popular with the Govern-

ment.

In spite of these difficulties, it would be a mistake to believe that private sector electricity companies are inevitably antipathetic to nuclear power.

Privately-owned utilities in Japan have ambitious nuclear plans Even in the US, where no nuclear plant has been proceeded with since 1973, most existing reactors were built and operated by the private sector. Many observers believe that when the economics of power generation swings back in favour of nuclear power, US utilities will start ordering again.

The private sector could

Eng.

Rolls-Royce consortium to inspect Sizewell reactor

ROLLS-BOYCE says it is to inspect the Sizewell B nuclear reactor during construction for the Central Electricity Generating Board, under a contract worth between £5m and £10m, writes David Fishleck

missioning a new pressurised water reactor, prototype of the reactor for the Trident submarines, at the Naval Reactor Test Establishment, Dounresy.

The consortium has orders The contract has gone to Rolls-Royce and Associates, the defence consortium led by Relia-Reyce that builds pres-

Royal Navy.

The consortium will provide the CEGB with the same kind of inspection service as it gives the navy as part of its 'cradle-to-grave' service for the nuclear submarine fleet. It is commissionally to now prosperious.

to supply the reactors for the first two Trident submarines. Bolis-Royce and Associates has built more than 29 PWRs for the navy under a technical agreement with Westinghouse and the US Navy.

The consortium, which in-cludes Babcock International, Foster Wheeler and Vickers Shipbuilding and Engineer-ing, will develop inspection technology specifically for the

Sizewell R pressure vessel, which is much bigger than Na-It will inspect the vessel be-fore it leaves the production line at Franstone in France, and again when the CEGB has installed it at Sizewell in Suf-

folk. Its contract runs until 1993, when the reactor is scheduled to produce power. Hr David Dawson, managing director of Bolls-Royen and As-

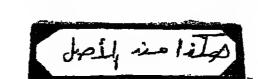
seciates, said the company would be applying expertise gained for the navy in the civil

He also disclosed a second Sizewell B contract, for the de-sign, procurement and opera-tion of a harsh environment' test facility at Derby to sinu-late the conditions that might arise in a reactor compartment in a serious seedent

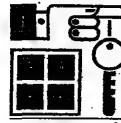
The private sector could prove to be keenly interested in nuclear power, but a lot tougher with its financial tests.

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FINANCIAL TIMES



Confidence has returned to the UK market for office property in many parts of the country, led by

an upsurge in central London rents and demand from the financial services sector in particular. New types of premises are becoming available in response to the search for cleaner, greener environments and changes in planning rules. Paul **Cheeseright** reports.

The chase for space confidence has seeped through the different layers of the national office property mand both from the players in the same and those who support

market as growing demand has the game and those who support pushed rents higher and as them the lawyers, accountants

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become more exacting. Accommodation costs generally have
their back offices out of Loncontinued to increase and there
is a growing insistence among
Even in the fevered atmo-

search for cleaner and greener cupiers chasing a still limited environments and from changes supply of new buildings coming to the Use Classes Order, which, on to the market, so that the under planning legislation, pre-letting of large new prempecifies the use to which buildises has almost become a norm.

The planning authorities ings may be put. But the fact remains that the

market can be split into central than Westminstar - have reLondon and the rest of the country. The greater part of institutional investment in offices is which, if they are followed
concentrated on London and it through, could result in a better
is in the centre that the most equilibrium between space supdramatic deals have been ply and demand by the early

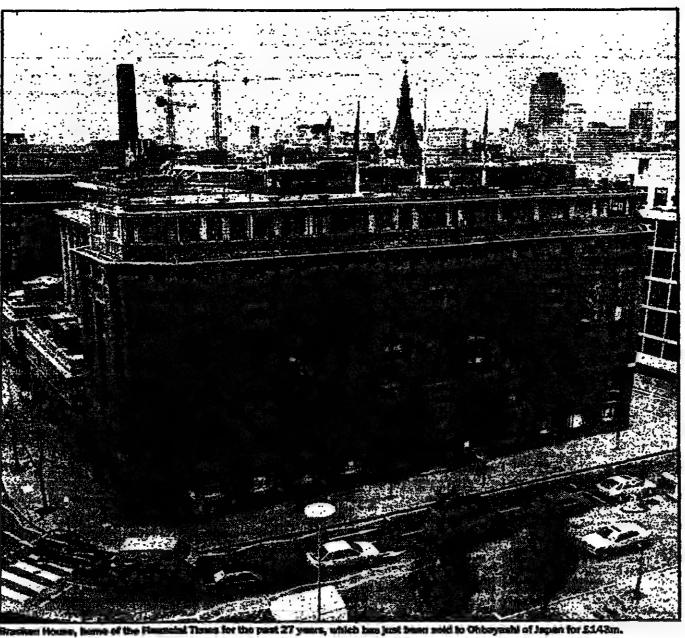
over-supply outside Loudon has been taken up.

But the market itself is changing as the demands of tenants the financial institutions have

At the same time, new types of though, the development mar-premises are becoming available from the growth of business parks as a response to a for space has sent potential oc-

more so in the City of London ply and demand by the early 1990s.

The mainspring has been the is taking place in the City itself.



Office Property

pushed out as offices sprout south of the River Thames and in London Docklands, where the Canary Wharf project is now assured by the arrival of Olym-pia & York and where new developments in the Royal Docks are only just over the horizon. It is at this stage that the three strata become apparent. The chase for space by potential occupiers has sent developars scurrying to buy sites so that they can meet it. Land values

ied, occupied only by Japanese companies who have seemed prepared to pay almost any price for the site they want. Ohbayashi, with its purchase of Bracken House, the Financial Times Building, for £143m., fits into this category. It is signifi-cant that the underbidder was willing only to pay less than £100m.
The second and middle stra-

tum is occupied, again, by Japa-nese companies but also by for-eign banks, as owner occupiers, who are prepared to pay very high prices to obtain the buildhave been chased upwards.

sums on the economics of a project - but they would apply different criteria. That is, what looks expensive in London may availability of finance. A distinct of the man and the control of the contro

largely with British developers, munity to put up short to mediforced now to compete with for- um term money to cover develsame time to keep a wary eye on their balance sheets. They

would be the victims a down-They would tend to work within the same financial framework as British developers they would do the same sort of the same on the connection of the same would be the victims a downturn in the market: a heavy debt burden to service and an unlet expensive building is something they would devoutly wish

looks expensive in London may svailability of finance. A dis-well appear to be cheap by Tok-yo standards.

The third stratum is filled the international banking com-

City of London: developers 00 into overdrive to meet the demands

West End/Suburbs: traditional tenants remain the lifeblood of the

Development, Design Construction: Quality and speed now the order of the day Provincial centres: good quality soace becomes scarce again

The occupiers: Demands for greater flexibility and better environments grows 4

opment taking place, outside the owner occupier sector, is in the hands of property invest-ment companies. But the property investing institutions have also remained in the market for the buildings put up by develop-

er-traders.
Indeed, the proportion by capital value of City of London offices in the average institutional office property portfolio increased to 35.8 per cent by the end of last year from 25.3 per cent in 1980, according to analy-sis by the Investment Property

Only 15 per cent of institutional office investment is outside the South East and this is one factor behind the relatively sluggish office development market over the rest of the country. But this could change. There is some evidence that investment interest is creeping

Bitherto fears that it would be difficult to sell on specula-tive office developments has held back speculative ventures,

especially against a background of relatively low rents.

But strengthening demand and the absorption of over-supply, which in some centres had been shrouding the market, has been pushing an restale ones. been pushing up rentals, open-ing up the possibility of higher returns to developers and hence the possibility of new

In the areas around London rents have been rising quickly as companies have eschewed the expense of the centre and have been more willing to look at peripheral locations. Al-though areas like the Thames Valley have always been popular, the office growth, aided by better roads communications, has begun to move eastwards and southwards, towards the M1 and M11 corridors and towards.

Elsewhere in the country, ex-tra demand has frequently come from companies seeking larger premises rather than from the arrival of new compa-nies. Such indigenous growth has itself been a response to movements in the economy at

large. But it has also been a response to the changing needs of sponse to the changing needs of on the move and into the market has been the readiness of the international banking community to put up short to median term money to cover development costs, in a growing array of sophisticated instruments.

The greater part of the development costs are sponse to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the changing needs of on the move propose to the sector is the sector in the sector is provided by the sector is provided

more and in the North 42 per

Implicit in the results of this survey is a challenge to the of-fice developers and a warning that it may not be much use in the future putting up any old building and assuming that it will be leased, provided it is in

a convenient location.
It is noteworthy that in Glasgow, for example, that the office market has not strengthened as much as it might have done be-cause companies are tending to stay put: there simply have not been the new high standard developments available for them to move into.

Facilities, design and convenience may become as important as being in a traditionally prestigious location. Behind this is a growing consciousness among employers that losses of efficiency can be caused by so-called building sickness.

This signment is a condition of

This sickness is a condition of physical malaise - headaches runny noses and so on - that are present among some occupants of a building but which disap-

or a building but which disappear when they are not in it.

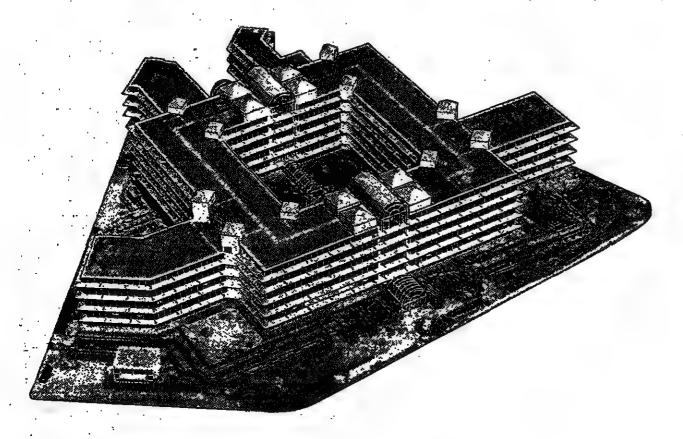
It is an emotive subject. But, at the end of the day, it is associated with the fact that in some buildings, the air conditioning does not work properly, there is a lack of individual control of the immediate environment and the physical surroundings are the physical surroundings are perceived to be unfriendly.

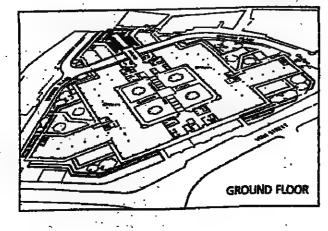
There is then a call for higher standards of design and a better working environment. One response to this need has been the expansion of out-of-town business parks and campus offices. So far this phenomenon, an extension of the US experience, has largely been confined to the south and has not spread further north than Birmingham.
With the greater flexibility

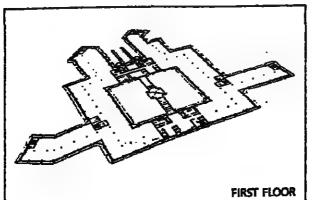
that the Government has permitted in the use of buildings, by changing the Use Classes Or-der, light industrial and high tech buildings can be used for offices without the need to obtain planning permission. It seems likely that the parks first designed for high tech ludustry could become increasingly pop-ular office locations.

All of this points to a sector on the move. But, historically, the sector has been notoriously eyclical, moving from boom to bust and back again. The boom now is based on London. Else where the cyclical movement is gentler. But there at least a few people in the industry wonder-

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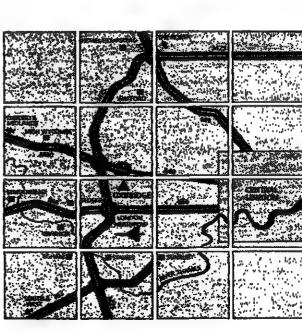
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West End/Suburbs

A wave of relocations

WHILE ALL EYES were concentrating on the epic mystery of whether the City would be siphoned into into Docklands, important process of the control of the con patient financial groups were market by taking Greycoat's quietly slipping out in the opposite direction. Some took a short tion, breaking the pattern of lohop, helping to transform the cating near the City. Now banks no-man's-land of Holborn and Fleet Street into another boom

fown.
Goldman Sachs and Morgan Guaranty moved into the old-newspaper district while the sites were still warm. Peat Mar-wick and Coopers & Lybrand si-dled in nearby and Nikko looks set to replace News Interna-

Rents have soared to £36 a sq ft and should hit £45 by the end of the decade, according to agents Richard Ellis, with siteslike Holborn Station and Rob-ert Maxwell's Holborn Circus set for high powered bids from groups still looking for space.

But the exodus has not stopped here. The wave of relo-Victoria as tenants search desperately for bigger modern buildings. And this fervour has helped raise the whole West End to record rent levels.

A quarter of all the finance

and banking lettings in central London over the last year were in the West End, according to Debenham Tewson & Chin-nocks. This included a third of

are dotted all along unlikely lo-cations like Victoria Street and

The Strand.
Salomon's £19 a sq ft is looking increasingly cheap as First Bank of Boston and Nikko Securities have agreed rents upto 32.50 a sq ft for two buildings totalling 125,000 sq ft on Victoria Street.

Cynics still believe these banks will move back into the Circus street of the Street of

City as space comes free. But of the eight groups that have moved in during the last year, only two are building alterna-tive homes elsewhere, according to Jones Lang Wootton. Salomon certainly seems set

to expand in Victoria, as it looks for 125,000 sq ft out towards the M25 to relocate its Mortgage Corporation.

But for all the financial pyro-

technics, traditional tenants remain the West End's lifeblood, the big buildings more usually than £45 a sq ft for small sultes associated with City fringes like and over £30 for larger

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space. The pre letting in King Street of 30,000 sq. ft. to Inch-cape at £41 a sq ft reflects the same tendency of tenants to get in while they see space free. The situation can only get tighter, according to Richard Ellis, which sees 4.5 m sq ft in demand over the next 18 months but less than 2m. sq. ft available today and another 1.4m. sq. ft. coming on stream next year.

Rapid rent rises are pushing companies out further to find new space says JLW. This has in turn raised values in places like Kensington, where the £18.50 paid by the Daily Mail for Barkers store last year is already at least £2.50 below the going rate.

West London has become an extension of the growth axis from the City through the West End and out as far as the M25 and Heathrow. It will not be long before the £20 rent barrier long before the £20 rent barrier is broken, as Sun Alliance has already let 86,000 sq ft to Cadbury Schweppes in Uzbridge for £19 a sq ft and Kodak has taken a 53,000 sq ft refurbished block in Hammersmith for £17 a sq ft. In fact, the healthy London economy is improving demand right across the capital, with many suburban centres like Croydon Harrow and Bromley

main the West End's lifeblood, taking up something like 80 per cent of the space let this year. The booming economy rather than the Big Bang have boosted their fortunes, pushing rents in Mayfair and St James' up by about a thought in 1987 to more about a second their first rent hikes for some time as the final vestiges of surplus office space disaptage.

Design and development

US methods speed construction

property giants Olympia and York took over the £3bn Canary Wharf project in London's Docklands from its original banker backers on 17 July, the uncertainties which accompany major changes of this kind soon major changes of this hind soon gave way to a measure of relief. The Canadian company, owned by the three Reichmann brothers, has a reputation for soundness and for 'delivering' which bodes well for a development which earlier this year was beginning to look doubtful.

We never make promises we

We never make promises we cannot keep and we do not take on projects unless we are sure we can do them well and on time", Paul Reichmann said on the morning of the day the mas-ter building agreement was fi-nally signed. He went on to say that O & Y would probably com-plete Canary Wharf in 5-7 years, rather than the 10-15 year period previously envisaged. Certainly 0 & Y's track record indicates their capacity to do this; they have several management and background advantages as well. Firstly, the brothers began as importers of supplies to the building industry, and indeed one of them still runs that side of the business. This gives them an important understanding of the construction side of devel-opment which others lack.

opment which others lack.

Being a private company run
by very private men, they also
rely first and foremost on an
in-house team, headed by project manager Michael Dennis
and Ron Sosklone, who is in
charge of the architectural side.

charge of the architectural side.

O & Y's approach to architecture is guided by past experience of dating and early obsolescence of the innovative designs of yesteryear. American Ware Travelstead, whose idea Canary Wharf was, wanted to create a 'showcase of the best in the architecture of the late 1980s'. To this end he planned to comulation the top names in commission the top names in world architecture to create individual masterpieces to slot in the overall masterplan.

The Reichmanns also believe solely for the aesthetics of the in architectural quality, as project, while other can speed much for pride as for profit. But matters through the working as they retain overall manage—drawing, contract document ment responsibilities for their and constiction phases. properties, other consider Happily, Britain will not have ations must be taken into ac- to wait for O & Y to arrive and ations must be taken into account. According to Ron Soskolne, O & Y are looking for methods. A Reading University buildings which can be leased - study in 1879 found that UK and maintained for decades to projects took an average 70 per come. For this, the design must cent longer to build than Ameribe "timeless" and flexible. Long-term considerations are also behind greater use of expensive but hard-wearing materials like marble and copper.

O & Y's favourite way of achieving the quality of design they require is by holding limited competitions. Participants, which are talent spotted by the contractor on site early, well eight weeks and between to advise on buildability. The \$10,000 and \$20,000 to produce designs - but not fancy models gether, with much less of the

designs - but not fancy models gether, with much less of the and drawings. traditional inter-professional

which yielded the Cesar Pelli gramme is based on the logic of designs for Manhattan's World the development rather than on tradic Centre: Pelli had impressed Ron Soskolne with his According to Simon Kolesar. vork on a competition in Los of quantity surveyors, E C Har

Angeles in 1930.

Having selected an inspired building methods came from winning design, O & Y find that American financial houses, time and trouble are saved if seeking early occupation for the winner is then responsible their post-big Bang London

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en' fast track' building methods have been responsible for an a trading requirements. Speed meron Hall, this meant a 1.5m was aided by early pre-ordering sq ft shopping centre built in 23 and off-site pre-fabrication of months - at least nine months components, so that once the less that if we had used tradicional contractor arrives on site, he don't start and doubt that contracting procedures."

can work as quickly as possi-ble." ing is also usually necessary, Kolesar says, "and the client will probably end up paying more in wages - but the project overall will be cheaper and ready to let earlier". Fast tracking, especially with penalties for late completion, concen-trates the mind wonderfully, as

Ken Patton, regional director of Rush & Tompkins, readily ad-mits. When working on the £150m Metrocentre in Gatesh-ead, we had to adopt a flexible approach throughout the con-tract period. For the client, Ca-

tional contracting procedures."
There is no doubt that early contractor participation could well be the key to any project's success, agrees Derek Ham-mond, chairman of Project Man-agement International. But the contractor must be assured that: information flow will continue to meet technical on-site requirements throughout - and that is the responsibility of the independent project manager. Hammond also notes that another American method which is mailting the second of the continue of the second of the seco

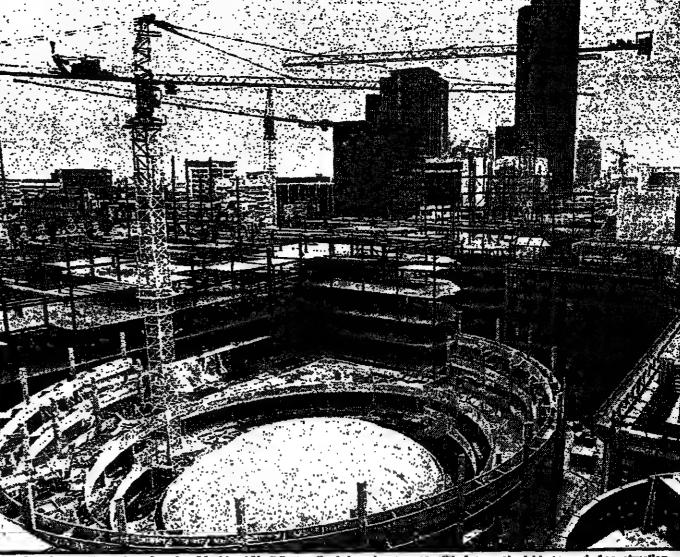
is rapidly becoming popular, especially on major projects in the City of London, is shell and core, construction in this in-

shell of a building and is re-

TOP

shell of a building and is responsible for the fitting out. This too is a fresh challenge to the UK industry, he says.

"Typically, the developer's project may cost £2m - but the tenant's fitting out contract could cost £3m or more. The shift in emphasiz of responsibilities is obvious and so is the reities is obvious, and so is the re-sponsibility of the industry to minimise confusion. The developer's contract must provide for early access for the tenant's fitting-out contractors. The deal established between developer and tenant must reflect current market conditions and the over-all project manager may well hold the key to ensuring that benefits at all times outwelch



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OFFICE PROPERTY 3

The provinces

Top quality is in demand

Most are now over the worst, however, and rents are drifting

vincial scheme can still be difficult, however. The problems are not so much with local economies, which are often so bustlength of the control of the contr

velopment has slumped. However, and the same aler. Hartnell Taylor Cook say in-

.: 2 fresh challen

7 Table of renge THE PERSON in or the imme restarion Toda The Business d for the terms Tirectors Tag

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g Spaces

DONECI DISAR DISSUS

restors have broken their two year embargo now that rents have reached £9 to £10 a sq ft and yields are falling.

This is one of the few centres still attractive to companies relocating from the southeast. Lloyds is the latest arrival, with plans for a 200,000 sq ft headquarters on Canons Marsh. Others could be in the pipeline as London prepares for another round of departures.

But, like other centres, Bristol will be hard pressed to produce the same almost everywhere outside the southeast. Institutional investors are less interested in property in general, but when they in general, but when they in general, but when they are less interested in property in general, but when they are less interested in

tol will be hard pressed to provide high quality space. Only
400,000 sq ft is available, and
much of this is already under
negotiation. The formula is also

To be held on Wednesday 30th September 1987 at

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TT HAS BEEN a long hard slog right for new development in for Britain's leading provincial Birmingham, where Chesshire for Britain's leading provincial Birmingham, where Chesshire centres over the last five years Gibson say all space will be as they have climbed painfully used up this year and the £10 out of a pit dug by overdevelopment and slow business growth next generation of buildings. Pre-lets will be the order of

the day, as new schemes will not the day, as new schemes will not be ready for two years.

Development is under way in centres such as Birmingham, Manchester, Glasgow and Southampton, while Bristol and Reading have shed the huge surplus of space built in the last boom. Finding an institutional integration of the space of the surplus of space built in the last boom. Finding an institutional integral of the space of the space

omies, which are often so busting that tenants are having problems finding prime space. The attractions of the London region are just too powerful to justify the train fare.

That may change where demand overtakes supply. In Bristol, for instance, demand has risen for three years while development has slumped. However, and the development has slumped to be a sq ft in a year. Richard the properties of the properties of the provided that the right space.

City of London

Trouble down the pipeline

The owner of one of the City's remier lunch clubs risked irrevocable marital breakdown and a gastronomic shock as the Loire was scratched in favour of working trip to Tokyo.

a working trip to Tokyo.

But the dangers seemed unavoidable. He had hardly finished rewriting his menus after last year's working holiday trawling around Wall Street's watering holes, when the word came through that it was not American bankers but the Japanese who would be elbowing out his pinstriped City regulars.

Eves had already been turning Eyes had already been turning east to identify Big Bang invaders as companies like Kumagai Guni began to snap up the best sites. Ohbayashi brought outsiders into the picture when headlines blasted out the £143m it paid for the £T's Bracken House close to St. Paul's.

The illustrious restaurateur can be excused his excitement. He is only reflecting the mood of his City customers who seem to expect miracles from the newcomers. Developers have

have almost doubled in the last merely replace old buildings couple of years to average £52 a rathet than add to the stock, as sq ft for larger buildings and touch £50 for small suites. The financial groups have soaked take almost 13m.sq ft as replacement premises. A mere 2 placement premises and they simply for demolition can be kept in business while tenants are producing rents.

In fact, some schemes which swell as research. But of all the existing stock. Piled on that will be the 18m sq ft proposed for Docklands, as Canary Wharf can no longer be ignored the scheme.

Roger Lister, gesturing vagueting from the fear of a flood of empty spot they fill preach caution.

Roger Lister, gesturing vagueting from the fear of a flood of empty spot they fill preach caution.

Roger Lister, gesturing vagueting from the fear of a flood of empty spot they fill preach caution.

Roger Lister, gesturing vagueting from the fear of a flood of empty spot they fill preach caution the fear of a flood of empty spot they fill preach caution they fill preach caution the fear of a flood of empty spot they fill preach caution they fill preac

Questions are being raised remember what a bear market whether this is too much for the was like. They would be shock-city to swallow as demand fades ed to have to drag lots of potenfollowing the Big Bang surge. tall tenants around their build-City to swallow as demand fades following the Big Bang surge. Supply and demand will come into some sort of balance by the following the Big Bang surge. Supply and demand will come into some sort of balance by the end of the decade and whispers sidering the recently dark days of a crash reminiscent of the arry 1930s. But Lister 1970s are sending shudders around the market, particularly as interest rates seem so volatile.

MONSIEUR PATRON can-could not look more rosy, Rents cent of the new space would be split easily if big tenants do celled his holiday plans again have almost doubled in the last merely replace old buildings not materialise.

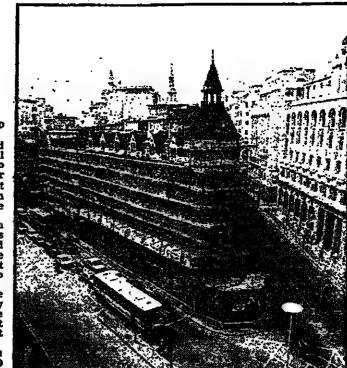
enough potential tenants Geoff Marsh, head of research

group, APR, points out that 140 buildings of more than 100,000 sq ft are planned for the next five years. Yet there are only 250 companies in the whole of London with the sort of staff numbers to fill such space.

Surprisingly, it is the biggest buildings which have least to fear. Up to 30 companies could be in the market for up to 500,000 sq ft each in the next newcomers. Developers have gone into overdrive to create a massive potential supply of office space over the next five years, mainly to feed the international financial groups.

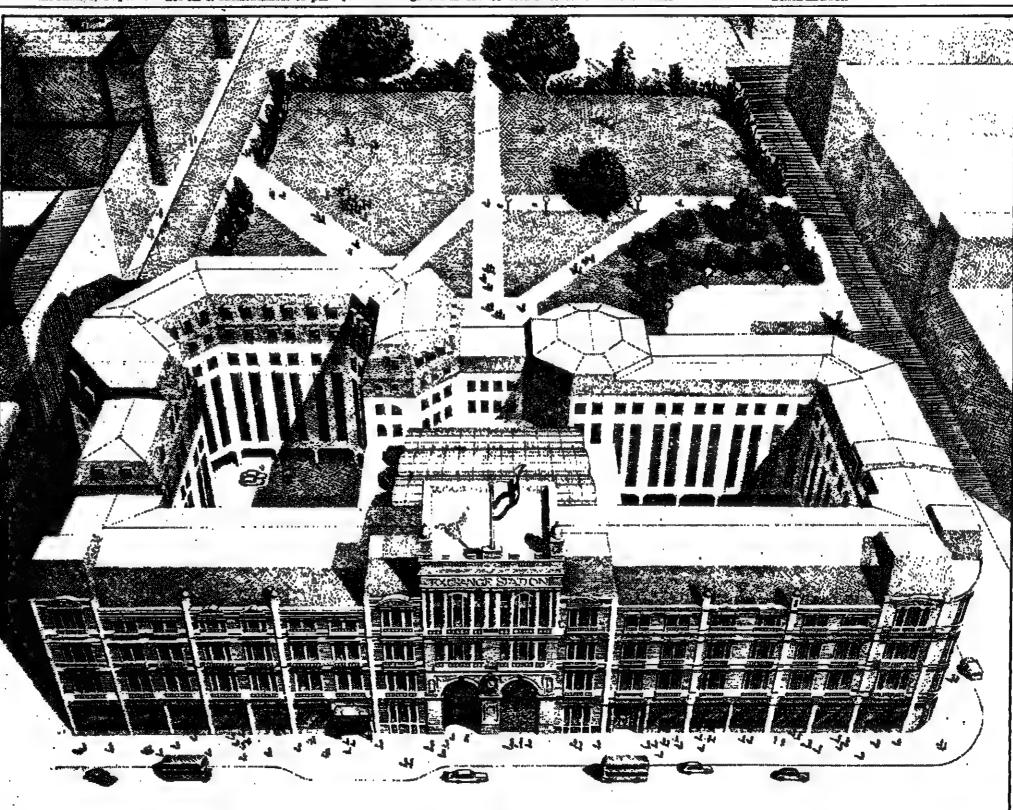
But gross supply figures can says, as tenants plan their be misleading. Baker Harris needs up to five years in advance, so the projected balance of supply and demand could be recently to show that funding pushed back further. But he still recording from the five years, he makes for up to 500,000 sq ft each in the next five years, he says. The smaller ones will rely on Little Bangs' the reorganisation of professional groups.

But gross supply figures can says, as tenants plan their be in the market for up to 500,000 sq ft each in the next five years, he says. The smaller ones will rely on Little Bangs' the reorganisation of professional groups like solicitors into the professional groups like solicitors into bigger firms. APR has identified? On the surface, the picture



But everything will still de-pend on the health of the core financial markets, so each blip in interest rates or withdrawal of a securities dealer from the fray raises pulses. The Americans and Japanese are certainly a new driving force for which Monsieur Patron should adjust his menu. But he would do well to keep the steak and kidney pudding on the back

edevelopment by the Max House: no less than 140 buildings of more than 100,000 are planned in the City over the next five years. Questions are being raised whether this is too much for the City to swallow



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brought a breath of fresh air to the surrounding area.

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The occupiers

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THE OFFICE market in Loudon and the south east of England is cooming. Record take up levels, fuelled by unprecedented de-mand in the post Big Bang era, are resulting in shortages of ac-commodation in most sectors.

New development and refur-bishment has reached an extraordinary rate as developers desperately struggle to catch up with the market.

The dramatic increases in of-

fice rents which have resulted from the shortage of space and the continued growth of other occupation costs have done little to cool the ardour of occupiers for more and more space and commentators report that for most large occupiers rent is

Rents of £60 a sq ft plus are rumoured to be achievable in the best locations in the City of London, rents in prime West End stand at £45 a sq ft and in Victoria £32-£35 a sq ft is the

In favoured business locations elsewhere in the south east rents of £11-£19 per sq ft are paid for new space in prime

According to a recent report from agents Richard Ellis total 200 people work in the building occupation costs in the City are a sq ft, and in the London's West End £49.20 a sq ft.

But, for many companies cur-rently seeking office space this is the least of their problems. right place as these companies Snace is in such short supply that just getting the right building (in terms of specification and design) in a location in which they can do business is more important, says Jones Lang Wootton's Michael Dow. Companies are not greatly discontinuously dis verted from their purpose by even very large rents, he com-

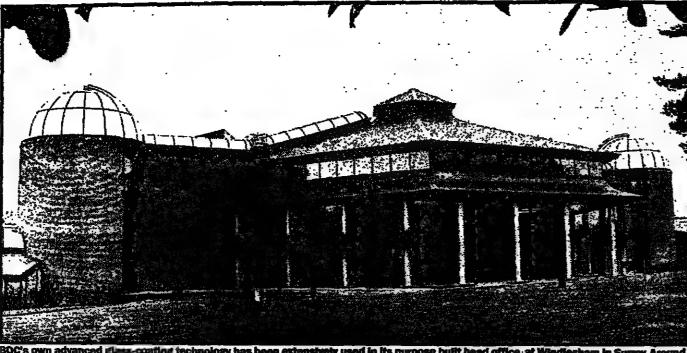
Design is an increasingly important factor for occupiers. A recent survey from Healey & ers in the design field.

Baker showed that 55 per cent of office tenants in the UK within certain bands, the occuwould be willing to pay more for piers are willing to pay whatevable south the signed was \$1 per they went in the place they want to the place. the south the figure was 61 per

Out of London rent and occupation costs are considered af- not last. Some commentators ter design and location along- warn that occupiers are becomside a number of other factors ing increasingly concerned including shopping and leisure about the high costs of their offacilities, communications, envi-ronment, availability of young

labour force and schools.

Similarly, the financial ser-



Urgency has added a further right place as these companies seek to set up new operations to

tap new openings as quickly as possible. These three criteria have practically overridden all cost considerations for companies from this sector. Other occupiers seem equally unperturbed by rental levels. Before marketing the 250,000 sq ft of offices at Chelsea Harbour, A number of factors are likely to combine to ensure that rent ones Lang Wootton researche the impact of rent on the deci-

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London.

they want in the place they want

But, the current situation may

fice accomodation.
While rents have escalated, other occupation costs have ris-en less dramatically. Service vices sector which is making charges have remained rela-most of the running in central tively stable for a number of London's busy office market at years. Indeed, the proportion of as firms seek to reduce their ex-

by service charges has actually fallen yet occupiers are already aware of the potential savings to be made from efficient buildings and their effective manage-

The success of Jones Lang Wootton's recently established Facilities Management depart-ment is proof of this trend. In contrast to an agents traditional role of management for land-lords, JLW are now offering a management service for tenants almed at minimising costs.

factor in the office market of the future. Firstly, in central Lon-don, the financial world has become more competitive since deregulation of the City, com-missions have been slashed and there has already been witnessed the withdrawal of certain operators from specific financial markets.
Further rationalisation looks

certain. Under increasing pres-sure to perform many financial companies will inevitably begin to scrutinise their overheads. Other sectors will follow.

wholesale relocation

Secondly, when the new rent-al levels work their way through to rent reviews, existing occupi-ers will face significant hikes in their rent bills, prompting a number of companies to look for less expensive locations or

This trend may have started already. Unconfirmed reports suggest, for example, that Laporte Industries' recent deci-sion to leave its Hanover House have an impact on occupiers and Oxford Street who do not need to be in the arheadquarters on Oxford Street who has been prompted by a rent review. Laporte will move to a refurbished office building on its chamanufacturing site in Luton Edw early next year
The problems of rising rental

and service charges however, be overshad-

penditure on property. The largest corporations may seek to dict the impact they will have move their support functions on office property. It is feared out of central London, while that the new system could significantly disrupt the balance

the new level of rates might have on its standing as a major international financial centre. The City Corporation is lobby-ing the Government for more in-

could more than double, an in-crease which could not fail to

In general, according to acchael Capon, a ratings expert at Edward Erdman, tenants of ofbished are likely to see reduced rate burdens while modern of-fices and good refurbishments

ore viewing with low inflation and high profittrepidation the commercial rate revaluation and the introduction of the Uniform Business rate in April 1990.

So much uncertainty still surrounds these two aspects of the Government's rate

want more specialist buildings than are provided by speculative developers and as a result the market in the last two years has been dominated by demand for sites and redevelopment opportunities for purpose built of-fices for owner occupation rath-er than purchases of existing ker points out that none of the

er then purchases of existing buildings.

A number of major deals have been concluded in central London, for example, including Morgan Guaranty's decision to pay more than £90m for the two acre City of London School site in EC4 where consent has been

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cupation.

certainly, the City of London is concerned about the effect

formation.
Rates on some City buildings

GOLDEN TRIANGLE OPPORTUNITY

One route to acquiring a free-hold is the 'country house' type headquarters, but this route can present difficulties and most occupiers prefer modern, efficient officespace

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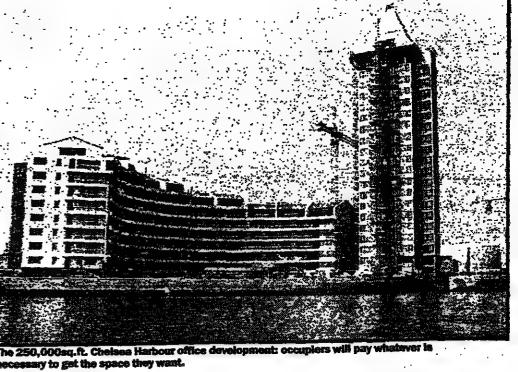
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HO



ment centres

vides just 12,000 sq ft of execu-tive accommodation) which was

built some years ago. It is, how-ever, usually difficult to get planning consent for any devel-opment in the vicinity of the

The flip side of the high level of demand for long term com-

mitment to bricks and mortar is

There is also demand for

given for over 400,000 sq ft of given for over author of it of space; and Goldman Sachs pu-chase of the former Daily Telegraph building on Fleet Street, EC4, which is to be redeveloped to provide 300,000 sq ft

A number of other financial occupiers are known to be looking for an equity stake in new buildings for their own oc-

Meanwhile, a handful of maor companies have decentralised from Londonto purpose-built owner occupied buildings in the the provinces, such as sun Life of Canada which moved to a 150,000 sq ft building in Basingstoke last year and Chase Manhattan, whose 400,000 sq ft Bournemouth headquar ters complex is under construc-

Other companies, particularly rose which need a manufacturing base as well as an headquarters, prefer purpose-built units on the new generation of busi-ness parks built along the lines of those in the US. Nixdorf, for example, has paid over £1m an acre for a 15-acre site for its UK headquarters on Bride Hall/ PosTel's Park One scheme in Bracknell

But, occupiers seaking to acquire sites for purpose-built properties have to compete with developers. In the past the owner occupier often had the edge in financial negotiations because his calculations did not have to take any profit margin into account.

In the current market, howe er, developers are taking a bull-ish view of rental growth during the development period and po-tential owner occupiers are fre-

Although a number of owner occupiers were interested in Thorn EMTs former West End building, for example, it was occupiers were willing to match the developer's bid.

short term agreements from oc-Often impractical and expensive, the country house usually comes with restrictions on cupiers which, unable to get what they want now, have taken where and how partitions can be put up and extensions built, outmoded heating and ventila-tion. In addition they can be miles from anywhere. In spite of one of the increasingly common prelets and need to be accommodated until their new build-ing is finished. Jill North of Hillier Parker's City office identifies two buildbeing many a managing direc-tor's dream, these buildings ac-tually have limited appeal as headquarters although they do

ings Winchester House, London Wall, and Gillette House on Basinghall Street, which are currently occupied on short leases by tenants signed up at make ideal training or managethe massive Broadgate sche at Liverpool Street Station. In general the country house only really works as an head-quarters if it can form the cen-Both of these buildings trepiece of a larger office cam-pus' type development of new buildings, such as Monsanto's 80,000 sq ft facility in Basings-toke (where the house itself pro-

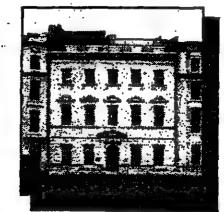
currently the subject of plan-ning applications for redevelopment so the short term let suits the landlord as well.

Indeed, it is apparent that a number of institutional land-lords are begining to appreciate the advantages of granting shorter leases. Part of a trend towards active management, shorter leases enable a land-lord to revitalise his investment rather than having his return trail towards of the end of the a growing requirement for of Edward Erdman, landlords shorter leases. The flexibility are often happy to grant 10-15 and control afforded to occupiers by five rather than 25 years have away from the 5 years or leases makes them attractive to less often preferred by occupiall tenants, but particularly ers. However, while the short-tooverseas companies (because ages of space prevail landlords to the short their transfer of the same ages of space prevail landlords. it suits their tax system) and can continue to offer and let fledgling businesses.

There is also demand for leases.

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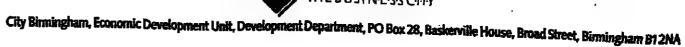
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APPOINTMENTS

British Alcan director of finance

BRITISH ALCAN ALUMINIUM was assistant chief manager of querque as director of finance. He joined Alcan in 1960, and has been responsible for operations in Latin America since 1984. He was also a vice president and board member of Alcan Aluminio do Brasil.

Mr James Miller, a director of Montago Loebi Stanley. Alloyds Bank Stockholders is a wholly-owned Substidiary of Montago Loebi Stanley. Lloyds Merchant Hank Holdings. JAMES MILLEN ASSOCIATES.

DUNLOP BEAUFORT, a BTR Group company, has appointed.

Was assistant chief manager of GRANDSTAND SPORTS & LEItration, a new role. He joins from Pedigree Petfoods.

Was assistant chief manager of GRANDSTAND SPORTS & LEItration, a new role. He joins from Pedigree Petfoods.

Was Robert Spigel, formerly general manager at Grandstand, becomes manage ing director, and Mr Brian Willed non-executive chairman of GROVE COLOURPRINT. He is chairman of Eavelock Europa, and of Witchamptoh Board-ing director of BTR, now chairman of Bowster Industries and of London and Metropolitan, has been appointed a non-executive director of HILL SAMUEL & CO.

DUNLOP BEAUFORT, a BTR Group company, has appointed

COOPERS & LYBRAND has appointed 25 partners and directors in its offices throughout the UK. Audit: "Mr Chris Appleton (Bournemouth); Mr John Berriman, Mr Nick Parker and Mr Andy Posham (London): Mr Matter man, Mr Nick Parker and Mr Andy Pophans (London); Mr Martyn Boddy (Mauchester); and Mr Ed Smith (Uxbridge), Tax: Mr Lawience Niven (Leicester); Mr John Gwyer (London); and Mr Nick Hopkin (Norwich). Management consultancy: Mr Bill Bound, Mr John Collings, Mr Richard Sidery, Mr Russell Muir and Mr Mike Stanfon (strategic services division, London); Mr Brace Hucklesby (commercial services division, London); Mr Lynton Barker (government services division, Manchester); Mr Thamas Cuttill (manufacturing and discribution, Manchester); and Mr Cuttill (manufacturing and distribution, Manchester); and Mr Rob Miller (manufacturing division, Uxbridge). Business services group: Mr Jonathan Wackett (Leeds); Mr Feter Jacobs also corporate finance support services (London); Mr John Leonard (Newcastle); Mr Robert Knight (Reading); and Mr Paul Singleton (Sheffield). Mr Andrew Mainz (London legal support); and Mr Sydney Righardson (director of planning).

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Hr Gwyn Phillips has been ap-pointed financial director of DIX BELGRAVIA in addition to his role as company secretary.

Mr Barry Towers has been ap-pointed director and general manager of BIGGS WALL (NO-VATEK). He was director of European operations of Gelman.

Mr Peter Jones, previously man-ufacturing director, has been appointed director and general manager of INGERSOLL LOCKS, part of the Alumass Group

THE ROYAL BANK OF SCOTLAND has appointed by Pavid scott of the California and secretary of Mu-Swift Industrial control, central credit control department, London, in succession to Mr Colin Krasses who has become head of group risk been appointed charman of management. Mr Butterworth sports retailing subsidiary

DUNIOP-BEAUFORT, a BTR Group company, has appointed by the second of Bowater Industries, has joined the board of Duniop Marine Safety, and CHAPMAN INDUSTRIES as a non-executive director.

COOPERS & LYBRAND has appointed 25 partners and directors in its offices throughout the UK. Audit. Mr Chris Appleton (Bournemouth). Mr John Berriman, Mr Nick Earler and Mr Andrew vices, BTR Europe.

Mr K.N.Templeton has been ap-pointed group financial control-ler at TI GROUP. He joined TI



Mr Ken Templeton, 11 group

in 1984 as director of manage-ment information audit and since early 1988 has been d-nance director of Ti Raleigh.

Mr David Suddens has been ap-pointed chief executive of the clothing division of JOHN CROWTHER GROUP from October I. He was a director of Courtailds Textile Group, and chairman of its fabrics division. Mr
Peter Boyd is joining the clothing division as merchandise diing division as merchandise director. He was with William
Baird Group in charge of its Telemac operaton (imports from
the Far East). He Stephen Lister
has joined Crowthers as group
financial controller. He was
group financial controller and
secretary of Nu-Swift Industries.

Mr Derek Kingsbury has be-come chairman of FAIREY GROUP in addition to his role as group chief executive

Mr Richard Méyers has been appointed group finance director of SKETCHLEY and joins the main board. He was secretary/ treasurer.

Mr Simon Metcalf, a director of County NatWest, has been ap-pointed a non-executive direc-tor of McLAUGHLIN & HAR-

Mr David Wheatley, head of expatriate terms and conditions division at Shell, has been appointed to the new post of director of advisory services at EMPLOYMENT CONDITIONS ABROAD. He will be responsible for the development of ECA's apparting a service. ECA's consultancy service.

Mr Pat Barratt has been ap-pointed a non-executive direc-tor of PORTER CHADBURN from October I. He is a manag-ing director with Bussall Reyn-olds

BERKELEY ST JAMES'S has appointed Mr Peter Harman as director heading private client funds management. He was with Valmet Asset Management. STURGE HOLDINGS has inter-

STURGE HOLDINGS has interposed Sturge Lloyd's Agencies between itself and the group's Lloyd's inderwriting agency companies. The board of the new company consists of Mr D.E. Celeridge, Mr T.P. Houghton, Mr P.J.Rawlins, Mr B.Blamer, Mr B.G.Adams, Mr A.G.Lee, Mr B.E.Beagley, Mr D.M.W.Farley, Mr M.R. Butles, and Mr A.R. Jenes.

marketing manager Mr John To-many has been appointed as the new managing director of TE-LEMAP, the British Telecom/E-MAP/Bell Canada owned commariseli Canada owned com-pany which operates Micronet. He replaces Mr Tom Baird from September 28. Mr Baird, now general manager of microcom-puting products and services in BT's spectrum division, will re-main on Telemap's board.

ALEXANDERS ROUSE, international futures and options pointed managing director (desbrocker-dealing arm of Alexanders Laing & Cruickshank, has appointed Mr Alano Regiseiro as director of the capital markets division. He was manager of the institutional financial futures division of Bache securities.

Mr Nicholas C.Paul has been appointed managing director of NARTO-NAIR, fluid control substdiary of IMI. He takes over on October 1 with the retirement of Mr Paul is managing director of IMI Yorkshire Fittings.

ASDA-MET Group has seconded Mr Michael G.Trestrail, the company's group public relations controller, to run a new enterprise agency covering the Yorkshire Dales. He is to become director of the DALES ENTERPRISE AGENCY when it officially opens in November it officially opens in November

The agency primarily will be fostering existing and potential small businesses particularly in



industries. Developed from the Craven Small Business Associa-A.R. Jenes.

Mr Rebert L. Renkersley has been appointed a director of COCA-COLA & SCHWEPPES BEVERAGES with responsibility for personnel and adminis



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fection and make products of outstanding quality. Our fibres are, therefore, made to exacting standards and special types have been developed for demanding technical applications as diverse as paper-making felts, filters and document

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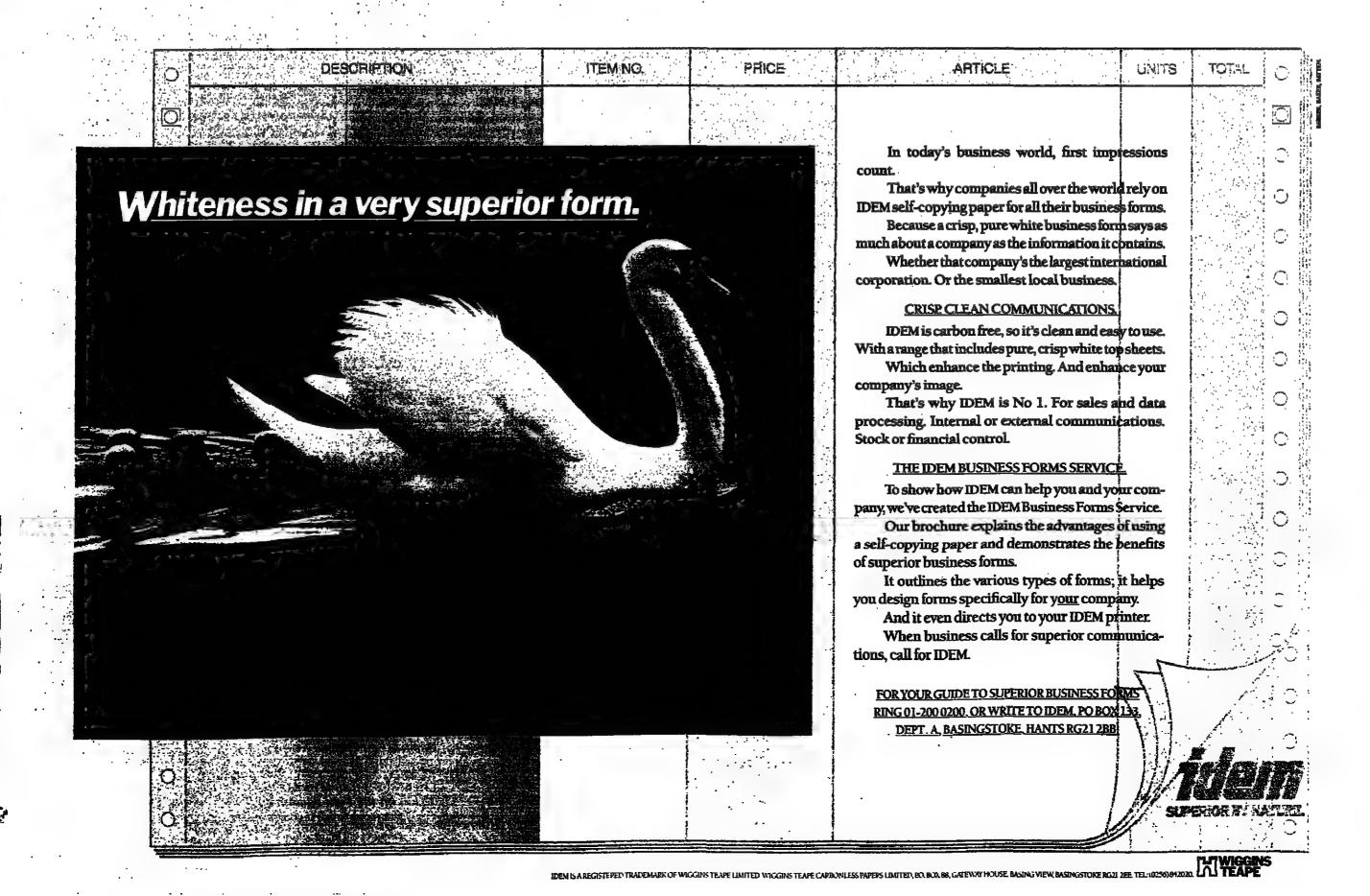
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> **ENGINEERING PLASTICS** SYNTHETIC FIBRES ENGINEERING



A perfect marriage and hang the expense

Peter Marsh examines the benefits of employing a high-cost method of welding dissimilar metals

SOME OF the lorries rumbling around Europe and made by Iveco, the Fiat subsidiary, contain a small but significant technical innovation which im-proves fuel consumption and reduces engine wear.

This innovative device, created by a precise though expensive method of joining two pieces of dissimilar metals with a very strong bond, owes its suc-cess to electron-beam welding.

The technique, a spin-off from high-energy physics, is gaining momentum in a variety of industries, particularly in motor ve-hicles, aerospace and speci-alised metal goods. Its high cost, however, is keeping the number of users relatively restricted.

In the case of the Iveco trucks, their engines contain small parts known as cam followers which are made of two components - one hollow, the other solid. They are constructed from different types of steel, and the fact that one is hollow reduces the weight of the mov-ing parts in the engines, leading to lower energy losses and less

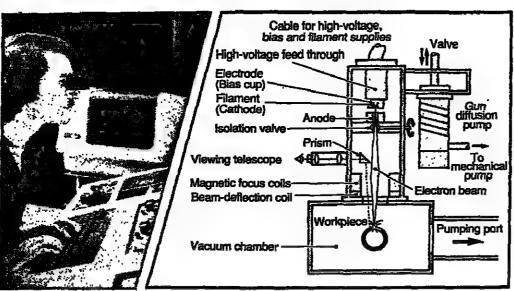
Berthold, the company in Stuttgart which makes the de-vices on Iveco's behalf, found the only way it could join the pieces of metal without weakening the finished part was by welding with electron beams, a way of targeting a precise dose of energy on a tiny area in order

to fuse two or more components.

The method produces a deep weld, with only a minute region either side of the join affected by heat. This minimises the de-gree to which the metal is weak-With electron-beam ma-

chines, a weld I mm wide can be produced to a depth of up to 20 mm, some 20 times the depth that is available with conventional arc welding - in which horizontal heat dissipation is

The technique's drawback is its cost Production of high-en-ergy electron beams - those in bine blade, welding machines are snything £1,500 a day.



Computer-controlled electron-beam weiding: Minimisting the degree to which metals are weakened

up to 150,000 volts - requires ex-pensive and specialised equip-ment.

exist freely in air, the complete system, including the metal parts to be welded, have to be kept in a vacuum chamber, adding further to costs.

World sales of electron-beam world sales of electron-beam welders, which sell for £50,000 to £500,000 depending on size and sophistication, add up to about £25m a year, estimates David Eccleston, managing director of Wentgate, a UK company based in St Ives Cambridgeshire Wentgate part of the geshire. Wentgate, part of the Thermal Scientific group, is among the world leaders in the technology.

To sales of the equipment it-self should be added the activi-ties of a number of specialised welding job-shops which oper-ate machines on behalf of customers on a sub-contracting ba-sis. Hiring such equipment, for example to weld parts of a tur-bine blade, can cost £150 to

Among the European elec-tron-beam job-shops specialis-ing in serospace are Sifco Tur-bine, of the Irish Republic, and Sermatech, based in Britain.
They commonly take on repair
work from aircraft or engine
concerns which - rather than replace an expensive part like a turbine blade that is damaged -find it cheaper to mend broken components, albeit with costly and sophisticated bardware.

Applications of the technolo-Applications of the technology in aerospace are increasing, according to Matt Black, a metallurgical engineer at the gas turbines division of Parker Hannifm, a specialised engineering company in Cleveland, Ohio. Black, whose company uses electron-beam welding to tura out components for aero-space concerns such as Rolls-Royce, General Electric and Pratt and Whitney, says that the industry's move towards more complex parts, in nozzles for fu-el-injection systems for in-stance, makes the use of such high-precision equipment in-creasingly necessary.

You are in Eastern Europe and don't speak a word of the language. You have been told to go "due east at the

junction." It's 4 o'clock and will soon be dark. How do you decide which way to go?

to Peter Peppler, head of re-search and development at Ber-thold. He says that electronbeam welding is especially useful when a customer requires a flow of parts of uniformly high quality. AE, the UK motor parts company owned by T and N, former by Turner and Newall, is anoth-

er user of electron-beam welding. It incorporates the technology to add tough seg-ments of metal to sections of pistons, thus reinforcing them against the effects of piston-ring

Chuck Clark, vice president in charge of marketing at Sciaky, the US company, points out that electron-beam systems "are an expensive way to join two pieces of metal; most compa-nies will find other ways of do-

It appears, however, that in relatively mundane areas of engineering the technology is be-ginning to play a part in in-stances where companies are demanding higher levels of pre-

Use of electron-beam systems

are trying to automate as many

and out of the electron-beam

In the case of Berthold of

Stuttgart, the company has bought two electron-beam ma-chines, at a total cost of about

cision welding.

For example, Powerplex
Technologies, of Toronto, is usis helped by the general trend in which manufacturers of high-value engineering parts ing an electron-beam machine to seal the alumiunium alloy of their processes as possible. Components can be shuttled in cases of sodium sulphur cells used in electric vehicles. The systems using special fixtures which reduce handling costs. system incorporates a comput-er-driven facility that checks In some cases, suppliers of

welding quality.
In the UK, Platon, a Bazingselectron-beam welding equip-ment, which besides Wentgate, include Leybold Heraeus and Messer Griesheim of West Gertoke-based company which makes flow meters, is due to buy a Wentgate machine for specimany and Sciaky, a US company recently bought by Britain's Ferranti, provide these fixtures alised welding, while Walter Jones, a company in London, uses the equipment to fix to-gether the pieces of electric moas part of a complete automated system controlled by comput-

Wentgate has also had success in selling its machines to engineering establishments run by the Indian Government. The Bhaba Atomic Research Centre £300,000. The company, which besides supplying the Flat subsides supplying the Flat subsidiary makes engine components for Daimler-Benz, BMW, Volvo, Cummins, Volkswagen sation, welds together parts of and Rolls-Royce, has found the investment justified, according tron beams.

Printing with a

colourful future

Edited by Geoffrey Charlish

LARGE FORMAT ink-jet printers that can produce full-colour results on paper, cloth, polyester and many other surfaces up to 34ins x 44ins, have been introduced into the UK by Listland of Hore in Sussex. by Listland of Hore in Su

by Listland of Hove in Sussex.

Made by Iris Graphics of Stoneham, Massachusetts, the printers will have many applications in the graphics and printing industries where the input is from a computer.

Ink-jet printers work by allowing very small droplets of ink to fall on the printing surface under the direction of an electrostatic field controlled by a computerised image.

by a computerised image.

There are also likely to be asses where the images produced by computer-aided design (CAD) systems have to be printed in large formats, for example in map making and engineering drawings.

More space made for flights of fancy

FLIGHT SIMULATION company Singer Link-Miles in to expand its UK facilities in Lancing, Sussex, by about 30 per cent, or 30,000 square feet.

The space is needed to accommodate work resulting from simulator contracts for civil and military aircraft, tanks and submarines. The company, part of the US Singer group, added 200 new jobs in 1987 and now has a workforce exceeding 1,788.

Dutch take control in the storehouse

QUADTRONICS in The Netherlands is marketing a system for controlling the climates of storehouses where agricultur-

Called Quod 150, the system uses sensors and a personal computer which is programmed to allow temperature, ventilation and condensa-tion levels to be controlled by a program which the user can decide and easily change from the keyboard.

When necessary, operation of control devices can be carried out from the keyboard, and the system keeps a record of everything that has taken

Low-cost sign of card-holder security

SIGNATURE VERIFICATION equipment, designed in the UK and further developed in the US, is to be offered in Britain at a basic price of £850.

At this price, the system will prove attractive to industries like finance, retailing and se-curity access, where confirm-ing that card holders are who they say they are remains a

A cash terminal, for exam ple, senses only that a person holding the right card and knowing the correct identifica-tion number is obtaining cash. So far, signature vertication, in which the card presenter writes onto an electronic point of transaction tablet for computer checking, has tended

to be expensive.
Tachnology Concepts, founded by Professor Martin Healy of Cardiff University, carried out detailed development work for Signify, a company started by Alan Leibert to develop a cost version of such a sys-

Late in 1985 a US group, McQuorquedale Holdings,

McQuorquodale Holdings, bought an 80 per cent interest in Leibert's company and set up Signify in the US to bring the product to the production stage. UK marketing is being handled independently by Alan Leibert Associates.

The Leibert system, called Signion, uses a digitizing the let and stores 11 characteristics of the structure for comparison with a statistical template held inside the machine. Characteristics include writing the different and the pen's accoleration and retardation characteristics.

The fact that a parame's significant interest that a parame's significant interest in the pen's accoleration.

The fact that a person's sig-nature is never quite the same twice is largely overcome by the historical nature of the stored template for each use As each variant occurs, it is taken account of in the lem-plate. Thus, statistical distri-butions of the characteristics are built up and the limits of acceptance varied according to the risk considered acceptable. Standard Life OROPERTYLINA 83 33 83 for all your

commercial property needs A development by Standard Life makes all the difference.

The new wave at BBC Radio Four

THE BBC Radio Four long-wave transmitters, which for wave translated, which is a many years have operated at a frequency of 200kHz, are to move to 198kHz in February 1988. This is to comply with a World Administrative Radio

World Anministrative main Conference (WARC) ruling that longwave stations must be separated by 9kHz.

There may be slightly improved reception in some areas. However, those mainly affected will be industrial mitter as a frequency standard (it is very accurately con-trelled by the BBC).

IBM attacks on the publishing front

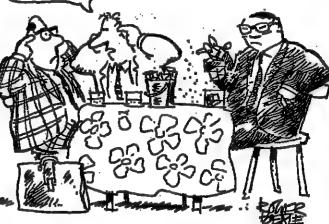
INTERNATIONAL BUSINESS Machines (IBM) has fired a shot across the bows of deakup publishing equipment companies like Apple and Rank Xeron. It has announced the IBM Personal Publishing System that will run on the System. that will run on the System 2 (model 38-821) personal com-puter or the PC AT or XT286 machines.

The company says the or-tem will bring a new level of quality to document producand digitised images to be laid out cost-effectively using 42 ty-pefaces in sizes from four to

pences in sizes from four to 127 point.

1BM is offering a new high-resolution liner printer, an adapter card for the PC and the necessary application soft-ware. The list prices are, re-spectively, \$1,544, \$1,287 and \$519.

THINK IT'S HIS WAY OF TELLING US THE MEETING IS OVER ..



Cheers: I'll take mine with ice and earmuffs compressed air escaped, a unique crackling sensed was preduced.

Cheers: I'll take mine in Japan, an ice-engineering team at the Tsu Laboratories of Nippon Kokan (NKK) has developed a novel form of ice that makes a crackling sound as it melts in alcoholic drinks. The product is thought to be eminently marketable and has been named Exice.

Exice resulted from observation of some Antaretic ice brought back by an NKK research team. It contained all thousands of years age. As this It seems that, with the ice NKK has made, the volume of sound produced is proportion-al to the amount of alcohol in the drink. Apparently a glass of 29 proof whisky is capable of an extraordinary 70 decibels.

In a tie-up with domestic ice-makers in Japan, NKK plans to market Exice for use in hotels and restaurants.

THE **NORTH WEST**

The Financial Times proposes to publish a Survey on the above on

THURSDAY, OCTOBER 29 1987

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FINANCIAL TIMES

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in these markets.

MARKET MAKERS for property stocks do not expect the price of Scottish Metropolitan Properly to move very much. And they are right. For the last year, the sector has been humming, but Scotter has moved quietly between 90p and 146p, recently hovering around 130p.

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One reason is that the shares are tightly held - Royal Insur-ance has 20.6 per cent, Guard-ian Royal Exchange has 18.7 per cent and USF Nominees has 5.7 per cent, while about 70 of the remaining 4,000 shareholders hold the bulk of the rest of the

Another is that the Glasgowbased company seemed to be going through a dormant phase. Nothing much appeared to be happening on the surface and the company kept itself pretty much to itself, respected but lacking vitality. Anyway, five years ago more than 90 per cent of its portfolio was in Scotland. Even Gordon Milne, the man-acting director, was prepared to aging director, was prepared to accept for the company the tepid epithet of sleeping giant. Equally, he now accepts the cliche that the sleeping giant is

awakening. Over the last month there has Over the last month there has been evidence of a more aggressive approach: purchase of a shopping centre in Leicester, an office development site in Crawley and a business park site along the M4 corridor. The first provides income now, the other two the promise of future revenue.

When the results for the year to August are announced next month, there should be a month, there should be a healthy increase compared with the £7.07m earned pretax in 1985-86 and earnings per share of 4.67p, and a rise in the net asset value per share - put at 110.5p last November. This decade three key things

have happened which suggest that a freshly groomed ScotMet is emerging:

The sleeping giant awakens

● *Over the years we had been stock have largely been used pure investment company, says Mr Milne. Now the company has an extending development programme and is prepared to

 A younger management team has been introduced and this has helped lead the company into putting greater stress on development

ny into putting greater stress on development.

The portfolio has been dramatically pruned. "But we were never in a forced sale position." Mr Milne stresses. In 1978 there were 750 buildings. Now there are 300, and the asset value has doubled to more than £120m.

Persona from sales has been Revenue from sales has been available to plough back into development, and resources were increased a year ago with a £30m first mortgage deben-ture stock. Funds from that

Over the next two years, the total development programme will cost about £50m - not exact-ly on the scale of Land Securities but substantial compared with the ScotMet performance of a few years back.

Within the next two years, the company will probably have to go to the market for funds. Ango to the market for funds. Another debenture is a possibility, depending on what the coupon would have to be. Unless the share price perks up - and given the breakdown of the equity holdings it seems doubtful if it will emerge as a high-flier - a rights issue does not seem on the cards. But a convertible preference share lasue might preference share issue might

Like any other property com-

SCOTTISH Metropolitan Property and Regalian Properties are branching out. The first has been quiet on the market to the extent that the boom in property shares seems almost to have passed it by. The second has not only been actively traded, but has used its paper vigorously to fund acquisitions. ScotMet, the largest of the investment and development companies north of the border, is bursting out of its Scottish chrysalis. Regalian, after starting with the rehabilitation of inner-city housing blocks and moving on to new residential development, is looking increasingly at commercial property.

pany, ScotMet wants the security of adequate long-term funding. Its technique broadly has been to fund its site purchases with long-term finance and its development costs with shorter-term bank facilities. Its buying policy is cautious. Property in the City of London is ruled out by Mr Milne simply because the numbers are too big. He is a proponent of the adage that "profit is made when you buy, not when you sell."

But the development and insection development and in-vestment programme is taking ScotMet away from its tradition-al base. It is no longer a Scottish company, but a British company based in Scotland. The latest investments mean that ScotMet's geographical spread has wid-ened to 70 per eent Scotland and 30 per cent the rest of

This is a conscious policy which has been developed aince Scotmet started to look for expansion. The reason, as Mr Milne explains, is the 10 per cent theory. Scotland has 10 per cent of the land and 10 per cent of the population. It is simply not large enough to satisfy a drive for expansion. There is also the fact that rental growth has tended to be greater in the

Where the company expands is dictated as much by management time as by anything else. In effect, the company is looking for opportunities an hour's driving time from Heathrow Airport, not only because this is the most prosperous area of the UK but also because if an expertism is company from Clear executive is coming from Glas-gow, this area is the easiest to

reach.
Investments will remain diversified. Nearly half of the portfolio is in retail property, just over a third in offices and the rest in industrial and high technology. The general drift is to increase the retail at the ex-

Regalian diversifies with the help of a lucky horseshoe

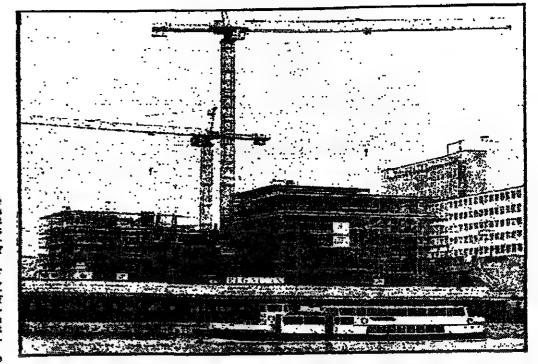
south bank of the river Thames at Southwark Bridge is not just the new London headquarters of the Financial Times. It is also a boost to the profitability of Regalian Properties.

The sale to Pearson for 274.4m, says David Goldstene, 274.4m, says David Goldstone, the managing director, "effec-tively ensures the growth of our profitability over a three-year period." Payments from Pearson are staged over that time, starting with an immeditime, starting with an immediate £29m.
Beyond that, though, the sale

represents an early success for Regallan's diversification out of residential refurbishment, of residential refurbishment, the basis of its profitability so far. This was no forced sale.

Pretax profits more than doubled over the 1986-87 year to £8.2m and are set to continue growing this year on the back of the housing boom. "We could have held the project," says Mr Goldstone, who had undertaken it on the assumption that the rents would be

tion that the rents would be about £25 a sq ft. But there was a certain leg-ic in selling when the capital value reflected rents of nearer £25. And if office supply catches up, there would not be dramatic increases at the first rent review," he says.



The Financial Times's future headquarters, Horseshoe Court, under construction on the south bank of the river Thames, by Southwark Bridge. The building was sold to Pearson by Regallan for £74.4m. The sale, which will boost Regalian's profits over a three-year period, represents an early success for the company's efforts to diversify out of residential refurbishment.

At one stage the project had looked like icing on the Regal-ian cake. And the same could be said for the 100,000 sq ft of-fice content of Regalian's Free Trade Wharf scheme in Lon-don Docklands.

don Docklands.

However, in the future there is likely to be a stronger commercial content in Regalian development schemes. Partly, this springs from the logic of urban renewal, which Regalian sees as its stock-in-trade. There is willingness to realise

that urban renewal is not merely urban housing renew-al," says Mr Goldstone.

The bigger urban redevelopments tend to be mixed and Mr Goldstone believes that Regalian can span the spectrum -something he suggests only a relatively few companies can do. So it is to be expected that Regalian will be among the bidders for inner-city projects which go beyond the provision

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Regalian could well bid for an offices-housing scheme in Victoria, west London, when it

None of this is to say that Regalian will go for any office scheme that happens to be around, and which attracts developers by the dozen. But residential schemes with a commercial content are different They are not likely to attract more than half a dozen major companies," says Mr Goldstone.



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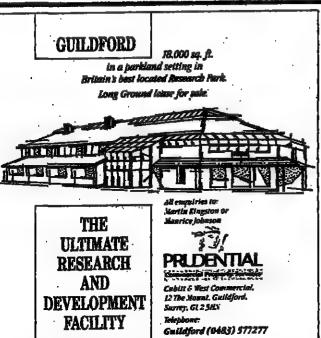
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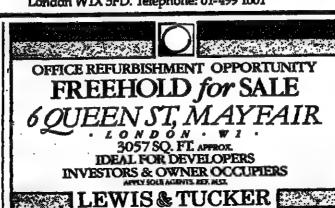
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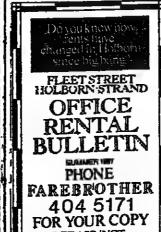
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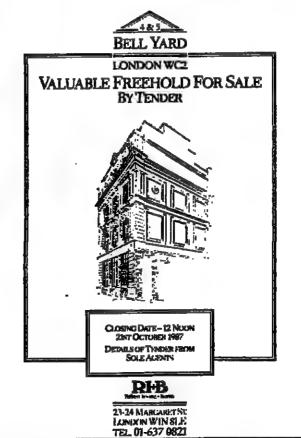
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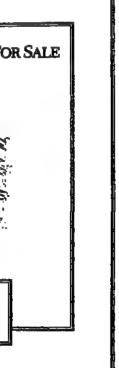
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With reference to the notice of declaration of dividend advertised in the Press on 19th August, 1987 the following information is published for holders of stare warrants to benew. The dividend of 27.5 cents per share was declared in South African currency South African non-resident than-bolders' tax at 1,0029 cents per share with be deducted from the dividend payable in respect of all stare warrant conpons leaving a net dividend of 25.697.1 cents per share. The dividend on benevatures warrants are paid on or after 4th November, 1987 against swrender of compon into 79 detached from share warrants to beneve as notice:—

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Exhibitions

Fine Prints in France from the 16th to the 19th century. More than 200 im pressions of exceptional quality from the print department of the Bi-bliotheque Nationale show the infibliotheque Nationale show the intr-nite possibilities of artistic ex-pression through varied techniques of printmaking. The panorama ranges from early engravings show-ing strong Flemisch, German and Italian influence to the majestic Grand Siecle style under Louis VIVII from Boucher's carelablued. XIVth, from Boucher's pastel-bued sujects galants to the modernity of Toulouse-Lautrec and the striking colours of Bonnard. Bibliotheque colours of Bonnard. Bibliothèque Nationale, Galerie Mansart, 58 rue

Hildeshelm, Roemer und Pelizaeus-Museum, Am Steine 1-2 Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America - the first presentation of the most impor-tant 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and je-wellery illustrate the everyday life of Egyptian citizens, Ends Nov 29.

LONDON

The Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and ununished. and a further 19,000 or so wate: colours and drawings, has been a source of controversy and dissen-sion ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful cat-meal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance half has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every paint-ing but the few in restoration or on

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculp-ture (75 pieces in all), lent by private and public collections in France and America, and the Musee Matisse in Nice. Pierre Schneider, the organiz-er, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and

Veronese may have influenced Matisse. Until October 18. Rome: Pajazzo Braschi: Painter-Photographers in Rome: 1845-1879: The term Pointer-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photo-graphs of Rome, including a collec-tion by the English archeologist. John Henry Parker, and some striking portraits, all from the archives Fenice: Palazzo Grassi: Jean Tinguely: renice: Palazzo Grassi: Jean Tinguely: 1954-1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiment" and the con-

chines a sentiments," and the com-plexity and sheer improbability of his works communicate a touching

"joie de vivre." Over 300 works are on show, lent by American and En-

on anow, earl oy American and carropean museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Medera Art is of the Museum of Modern Art in New York in 1960. Ends Oct 18.

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Michael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1980 to 1985, originally organised by Williams College and Deutsches Architekturnuseum in Frankfurt. Ends Nov 7, 36th & Madiano (407 6100). Nov 7. 56th & Madison (407 6100).

Art Institute: Walker Evans photo-graphs of the 1930s showing poverty and despair in the American South were lamous in their time in Life Alagazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is despuir in the American heartland of the stope and depth of Evans' work originally done for the Farm Security Administration, Ends No.

WASIDIGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Ray-mond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst Moore and Serra. Ends Jan 3.

cago contemporary primitivists whose repeated scenes make evocative images has his first major east coast retrospective with 49 paint-ings and four painted constructions. Ends Oct. 18.

Chinese Paintings and Ceremics of the 18th-26th century: 144 paintings and 33 ceramics comprise this important exhibition from the Yang He-Tang as ceramics comprise this important exhibition from the Yang He-Tang collection in Taipei. The paintings include traditional-style watercolours of landscapes, birds, flowers and portraits. Especially interesting are works by literati painters with their political overtones — orchid/bambou/rock or pine/bambou/phm compositions symbolising difficulties in a harsh political climate. Works of China's two most important modern painters, Ch'i Pai-Shih (1963-1957) and Fu Pao-Shih (1964-1965), are included. The ceramics, mostly Ch'ien-Lung, a ware synonymous with encellence, were made for the Imperial family. Identits Museum, Hibiya, near main bothels and Ginza. Ends Sept 27.

Modern Japanese Paintings of Vasualis Sugiyama. 120 works of one of Japan's foremost contemporary artists. From Nithonga (19th century, Western-influenced Japanese painting) to abstract futuristic themes, he is one of Japan's most prehific artists. National Museum of Modern Art, near Takebashi Station, off Imperial Most. Ends Sept 27.

perial Most. Ends Sept 27.

Fences (48th Street): August Wilson hit a home run, this year's Pulitzer Prize, with James Earle Jones teking the powerful lead role of an old hoseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. El-Trevor Numer's production of L3. Li-liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broad-way in the "3ls incorporates gens from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy hoofing by a large chorus line. (977 9020).

large chorus line. (977 9020).

A Chorus Line (Shuhert): The longestrunning musical ever in America
has not only supported Joseph
Papp's Public Theater for eight
years but also undated the musical
genre with its backstage story in
which the songs are used as auditions rather than emotions.
(229 6200).

La Cross any Raine (Balanch Prat

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilar-ious original between high-kicking and gaudy chorus numbers.

(757 2626) (757 2626).

First Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker on Central Park benches who bicker out and future, with a furnty plot to match. (238 6260). Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End rule as Jean Vallean, the magnificent speciacle of Victor Hugo's majestic sweep of history and pa-tios brings to Brockway lessons in pageantry and drama, if not strict atherence to its original source

(239 6300). Starlight Express (Gershwin): Those who saw the original at the Victoria in Legion will barely recognise its American incarnation: the sladw sett bauer og et sten son ob theatre but do get good exercise in the springed-up stage with new bridges and American scenery to distract from the backneyed pop music and trumped-up silly plot.

(186 6510). Se and My Girl (Marquis): Even if the plot meas on ironic minutery of Pyg-malion, this is no classic, with forgertable songs and dated leadenness in a stage fall of characters; but it has proved to be a durable Broadway his with its marvellous lead role for an agile, engaging and deft ac-tor, preferably British. (947 0023).

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seckuc-tive master of ceremonies in a Broadway-bound revival of the evocative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center

TOKYO

Les Misérables After London and New York, now Tokyo and the Japa-nese version of the Tony-award win-ning musical. The cast was handpicked by the creative team of pro-ducer Cameron Mackintosh (from an astounding 11,500 hopefuls), then an astronomy 11,500 hoperus, then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in apan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Spon-sored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (2017777).

Antony and Cleopatra (Olivier): Peter Half's best production for the Na-tional Theatre he leaves in 1988 brings this great but notorlously difficult play to thrilling life, with Judi tie scarred lovers on the brink of old age. Deach is angry, withy and ulti-mately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Ar-thur Miller's doomed longsboreman in A View from the Bridge; Juliet Stevenson in a fine ravival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a force and more friends as it contin-

force and more friends as it continues in the repertoire (928 2252). The Plantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Marie Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

379 6131/249 7200).
The Balcory (Barbican): Sadily dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities.

Terry Hands directs, Farrah's set looks like a cheap pink brothel and

the actors, a dull lot, clump around on high boots in big bulging cos-tumes. (628 8795).

Follies (Shaftesbury): Stunning reviv-al, directed by Mike Ockrent and designed by Maria Bjornson, of Sond-heim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theetre. Four new sungs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Mas-

sey. All good. (379 5399). Melon (Haymarket): Alan Bates predictably good in new Simon Gray, chinsily directed by Christopher Morahan about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for cham-pagne-swilling yupples how the Big Beng led to class tumult and barrow-hoy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (636 3028, CC 270 8285)

Small Family Business (Olivier): Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon, Best of the NT rest remains King Lear and Antony and Cleopaira in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgeney's Fathers and Sons is de-cent but dull in the Lyttelton.

(928 2252). Three Man on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National Geoffrey Hutchings in the lead now joined by Toyah Wilcox

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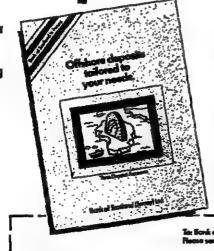
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Opera and Ballet **WEST GERMARY**

Berlin, Deutsche Oper: Busoni's rarely played Doktor Faust features Lucy Peacock, Kenneth Riegel and An-drees Schmidt, Tannhäuser in Kurt Horres' production stars Janis Mar-tin, Sharon Sweet and Spas Wen-koff, Mazon Lescout has Pilar Lorengar, George Fortune and Giorgio Lamberti. The week also offers Bo-ris Balcher's Preußisches Märchen.

Hamburg, Staatstheater: Don Giovanni, conducted by Peter Schreier, takes the leads Julia Varady, Samuinkes the leads Julia Varedy, Samuel Ramey and Kurt Moli. Le Clemensa di Tito brings Judit Beckmann, Pamela Coburn, Werner Hollwag and Harald Stamm together. La Boheme has a particularly strong cast with Rachel Joselam, Jane Perry and Alejandro Bamirez

Cologne, Opera: The premiere of Rigo letto, produced by August Everding. The cast includes Alida Ferrarini. Victoria Vergara and Wasili Janu-lake. The highly-acclaimed produc-tion of Des schlaue Füchslehz by menn, Eva Temassy and Randall Outland.

intigart, Wurttembergisches Staats-theater: Der Rosenkavalier is steered to triumph by Karan Arm-strong, Trudeliese Schmidt and Hel-mut Berger-Tunn.

delio, in Götz Friedrich's production, returns with an attractive cast—Hildegard Behrens, Julis Kaufmann, Bodo Brinkmann, Theo Adam and Rainer Goldberg—and Hans Martin Schneidt as conductor. Don Carlo stars Natalia Troitskaya, Bruna Ragitoni, Jewgenij Nesterenko and Alberto Cupido. Salome is an event of more than passing interast with Brigitte Fassbaender, Hildegard Behrens and Walter Raffeiner. Falstaff is well cast with Pumela Coburn, Brigitte Fassbaender and Juan Pons, Arischne and Nasos rounds off the week. delio, in Götz Friedrich's production,

NETHERLANDS

rdess, Muzicktheater, The Netherlands Opera production of Weg-ner's Tristan und Isolde directed by Jürgen Gosch, with George Gray (Tristen), Deborah Polaski (Isolde), Jard van Nes (Brangâne) and John Bröcheler (Kurwenal), Hartmut Haenchen conducting the Con-

New York City Opens: The week fac-tures Turandot, La Rondina, The Marriage of Figaro, Casanova and

Bohame, Lincoln Center (870 3570).

Reyal Opera, Covent Garden: The re-vivals of Tannhäuser, Falstaff and La Bohème scheduled for the opening weeks of the Royal Opera

season are threatened by a disputer between management and chorus, Check theatre for details. (240 1086).

Check theatre for details. (240 1086).

English National Opera, Coliseum:
The second new production of the
1987-88 ENO season is a favourite
with the public strangely long-absent from London theatre – Bizet's
Pearl Fishers. Charles Mackerres
conducts, Philip Prowse produces in
his own designs, and the cast includes Adrian Martin, Valerie Masterson, and the sympty Leningrad

terson, and the superb Leningrad baritone Sergey Letterkus (ENO de-

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certgebouw Orchestra (265 455). Groningen, Schouwburg, The Royal Ballet of Flanders with Allegro Bril-lante (Balanchine/Ichaikovsky), Brei (De Layress/Jacques Brei), Sersito la Morti (Béjart/R. Stranss), Easy Tangos (De Layress/ Piazolla), (12 55 45).

Setropolitan Opera (Opera House): The first week features Otello, conducted by James Levine in Franco Zeffirelli's production with Kiri Te Kanawa and Placido Domingo. Manon, conducted by Manuel Ros-enthal in Jean-Pierre Pounelle's production with Catherine Malfita-no and Alfredo Kraus; and Ariadne and Naxos, conducted by James Le-vine in Bodo-Igesz' production with Jessye Norman, Kathleen Bettie and Tatiana Troyunos, Lincoln Center (362 6000).

bartone Sergey Lefterkus (ENO de-but). Also in repertory: further per-formances of Sondhelm's Pecific Overtures, a bold venture for the company, and Salome, with Jose-phine Barstow dramatically pow-arful (if vocally not always equally so) in the title role, and Mark Elder an escallent conductor. (838 3161). Continued on Page 23

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Name
Position Organisation

Charismatic combination of elegance and violence

an De Palma

The Night is Young directed by Le-

Every Time We Say Goodbye direct-

ties and Thirties, but convicting him and ending bootlegging was the well documented obsession of Federal Treasury agent Eliot or rederal fleasuly agent fallot Ness (Kevin Costner), This is ground that has been covered many times before, in Ness's memoirs, in other films, and in the television series that inspired director Brian De Palms and writer David Memet. They have made it their business not only to retell the story of The Untouchables but to do so with a traditional

to do so with a traditional directness and simplicity.
Supported by a police force that has been bought and paid for by Capone, Ness's crusade to curtail the bootlegging industry gets nowhere until he recruits a handful of incorruptible men, a hopelessly small group sustained by its distaste for a society controlled by money. It is the one failing of a superbly made film that it never suggests why these men never suggests why these men are so morally superior to their

"It's the law," says Ness when asked his opinion of Prohibition, though more accurately it is the bending of any law by intimidation and bribery that offends him. He soldiers on when everyone else has thrown in the towel but why this otherwise colourless man has such tenacity we never know.

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ì.

Capone, as played by Robert De Niro, is easier to understand man who relies as much on his charm as his power, the

The Untouchables directed by Bri- effortlessly deflecting compro- time of it with the barely track record of physical and Lavant) to replace his mising questions at his fre- flexible character of Ness; he emotional violence in their father in an attempt to steal a

quent press conferences.

"Team spirit," he intones like a sports coach delivering a pep talk as he batters an unsuccessful henchman to death

"Team spirit," he intones tough gruff Irish cop who becomes his mentor, or Charles successful henchman to death

Martin Smith as Oscar Wallace, henchman to death Every Time We Say Goodbye directed by Moshe Mizrahi

Miss Mary directed by Maria Luisa

Bemberg

Even without the gift of Prohibition there would have been enough to occupy Al Capone in Chicago in the Twenties and Thirties, but convicting him and ending hootlegging was the residual and residual and ending hootlegging was to the residual and residual an

anyone's not learnt from Capone that De Palma and Mamet be crime does not pay persuade

work (Carrie, The Pastman rare vaccine. Too blatantly a Always Rings Twice respectively) and The Untouchables sense of isolation the plot of



Scene from "The Untouchables": Al Capone's adversaries Charles Martin Smith, Kevin Costner, Sean Connery and Andy Garcia

and clinging together the two gently float to earth. . . Later doubled up with pain he stag-gers down a street—recovering he runs, dances, somersaults, racing with the camera. But these spasmodically exciting moments cannot save a film that too frequently seems to parody a languid, philosophical

mood rather than create one.

Alex is tiresome, the two
women he loves are infuriatingly passive. More of a calling card than a satisfying film in its own right, but we can still speculate that since Carax is still only 26 he may eventually resist self indulgence and pro-duce something splendid.

That hope cannot be extended to Moshe Mixrahi, writer and director of Every Time We Say Goodbye, a wartime romance set in Jerusalem which has American Tom Hanks as an RAF pilot falling in love with a Sephardic Jewess. Mr Hanks had a much better time of it in Splash when he fell in love with a mermaid, but then she did not have a protective and hostile family determined to keep her in the fold. A valid if familiar story of love conquering all, but irretrievably hampered by a leaden acript and pered by a leaden script and unimaginitive direction.

An Argenuman film directed by a woman (Maria Luisa Bemberg) would have been almost unthinkable to the South American women it portrays; women still as safe, in 1938, from their own country's political woman as the safe. tical upheavals as they are from the iminent war in Europe. It would have been as incredible to Miss Mary (Julie Christie), the English governess bired by a wealthy Buenos Aires couple

to turn their two young daughters into English ladies. Escaping the war as well as her own emotions Mary brings with her an almost Victorian with her an almost Victorian repressive nature that has a formularised response for every occasion. "Because it isn't done." "Because you are not to." "Ask no questions and you'll get no lies." Even: "Little girls should be seen and not heard."

The worship of English man-

The worship of English manners and values at the expense of what we think of as the exuberant Latin temperament proves a disastrous course. Miss Mary's two charges are headed for disaster—one for a loveless marriage, the other for discreet insanity, sitting alone day after day copy typing the telephone directory with two fingers. Miss Mary herself, in a rare human moment, is seduced by the son of the house and is promptly banished like a Victorian kit-

set out to expose the sterility of the Argentinian upper classes did she also mean to impale the inadequacies of their role Cultures clash-or collude- models? Ask no question and more effectively in Miss Mary. you will get no lies.

Groucho/Comedy

Michael Coveney

Groucho: A Life In Revue 18 a modest jog through the out-lines of Groucho's career illuminated by a brilliant impersonation, just about the best of the great number I have seen, including my own. The young American actor Frank Ferrante comes laden with the approval of the Marx industry and relations, Groucho's son, Arthur Marx, is the co-director (with Richard Carrothers). One can bardly complain that

the truth since that is all that was ever made available, by Groucho himself and other hagiographers. The persona was so manufactured that any good goon can have a go at it.

Mr Ferrante is a cut above that. He takes over a senile recording at Carnegle Hall and whisks us back to East 93rd
whisks us back to East 93rd
Street hardship—"We were so
poor even my parents had to
share the same bed"—and the
translation of vaudeville
routines into the early films. He envies Chico his string of romantic conquests—"Since I

was getting nowhere with the girls I decided to get married." The script by Arthur Marx and Robert Fisher is best at relocating the characters and sight gags in the old music hall. It gags in the old music hall. It grinds to a halt when offering analysis of Groucho's dependence on his brothers, his proneness to insomnia and, worst of all, his sentimental geriatric apologia in the form of a Playboy Interview executed by Mr Ferrants in beret, white polo neck and arthritic gestures. It is hereabouts you realise the show has nothing much to say about anything at all, least of all Groucho. You ponder, too, the striking resemblance of Ferrante's Groucho not so much to Groucho as to Harold Pinter as impersonated by Eric Idle a jocund concent

by Eric Idle, a jocund concept in the duller moments.



Frank Ferrante

down to the funny two thirds), the only character Mr Ferrante essays after applying the painton moustache and the wirerimmed spectacles to his face and a dutiful round of applause. Rufus T. Firefly and Otis B Driftwood are dropped in favour of over-long TV show routines and climatic navel-introspection in which Groucho comes to regret that he ever sprung free from his brothers even allowing for the huge increase in

Gummo and Zeppo are virtually erased from the tale, but the condition and Harpo are filled in with an ecstatic brilliance equal to Mr Ferrante's by Les Marsden. Mr Marsden executes two seraphic musical interludes on harp and piano that are alone worth the price of admission, even if they take the STACWOR WOLL

But Groucho needed to give in the duller moments.

That interviewer is the daughter of a magazine journalist who wheedles out of they did not really ask for it.

Groucho the full learing lecher
Groucho the full learing lecher
Groucho the full learing lecher
The duller moments.

insults to people who deserved them and, whatever one felt about the first night audience, ist who wheelds out of they did not really ask for it. ous lap-bombing that so rarely ingly playing the peripheral had positive results. By now women, was nothing like Mar-Captain Spaulding has stomped garet Dumont. Thus Mr Feramong us, with twirling legs rante's exertions amount to and trembling cigar ("It's little more than a turn. A turn bigamy," "It's bigamy, too." for the better, but a mrn just "It's big of all of us" is edited the same.

Neumeier's look for Ravel and Stravinsky

The Teatro Grande at Pompell provided a grandiose seiting for the double-bill presented by made in the 1970s, his aim is not so much to bring the characters and situations nearer to dance contribution to the Ponotione, a festival now in its second year.

Misc is the keynote at Pompell, and it remained so during the ballet programme, which is company.

He sets the Ravel ballet in 1912, the year of its first personal mosted of two 20th century immiscal masterplaces, Ravel's Dophnis and Chloe and Stravin-lay's The Firebrid. Both scores received their full due from the Orchestre National de France under Lorin Mazzel, who conductor armed with the score. The wordless chorus was supplied by the Stores.

The wordless chorus was supplied by the Stores Teaching in the Hayel sallet. There are dramatic lighting from his intention from Razel, but he had competition from Razel, but several conductor armed with the score. The wordless chorus was supplied by the Stores.

The wordless chorus was supplied by the Stores Teaching for the garish Rasting from the town in Ashton's lovely ballet.

There are dramatic lighting cap. I am grateful to Neumeier for retaining a female Firebird summer, both with and without the Hamburg dancers. In Paris the fire of the double bill presented by the majestic wedding apotheosis in The Firebird and the recolumne. Rose's costumes are nearly all admirations are nearly all admirations at the majestic wedding apotheosis in The Firebird and the recolumnes acters and structions nearer to constitue and structions and structions and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the most satisfying tunics and movements bessed on friezes are the mos

If the surroundings did not detract from the music, they dictated the jettisoning of Jurgen Rose's sets for both works, as well as alterations in the lighting and sometimes the movements. On the other hand, the stage is gratifyingly large, and if the disparity between Greek and Roman antiquity is overlooked, the crumbling wall in the background, with the ancient shadowy trees beyond, and a few statues skilfully disposed, the natural scenery serves well enough for Daphnis and Chloe; The Firebird is

Your first 4

Name:

Title:

Company:

The wordless chorus was supplied by the Slovak Philhar Freda Pitt reports on the Hamburg Ballet's monic Choir from Bratislava. programme at the second Panatenee Pompeiane festival

overlooked, the crumbling wall in the background, with the ancient shadowy trees beyond, and a few statues skilfully disposed, the natural scenery serves well anough for Dophais and Chloe; The Firebird is another matter: I imagine that Neumeier's reworking looks better in a normal theatre.

A glance at a list of Neumeier's ballets shows that the reworkings, usually anchored to great music, outnumber the creations. In the two formations Neumeier's story

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wisiting Lesbos with a guide are identified with Daphnis and chlos. The boy dreams about the nymphs, and the girl being carried off by pirates.

How full of dreams and transferentiates. Neumatar's story for managements that are at additional contents of the princes. foot movements that are at odds

in Ashton's lovely ballet.

Neumaier has been much in demand and much in view this summer, both with and without the Hamburg dancers. In Paris in June, the Theatre de la Ville presented three of his long Shakespeare ballets, a well-conceived programme of excerpts called "Shakespeare's Lovers," an Arthurian epic and a selection of his Mahler ballets.

At the Avigner Pestival the At the Avignon Festival the Paris Opera Ballet danced his new Magnificat, which will serive in Paris this autumn, and his Streetcar Named Desire for Marcia Haydee and Richard Cragun and the Stuttgart Ballet opened this year's Festival of Two Worlds at Spoleto.

The two ballets given at Pompeli exemplify Neumeler's tendency to averload his works with characters and events. He is certainly a ballet director and is certainly a batter director and choreographer to take seriously, and if he learns to pare down and simplify he may yet surprise us with a masterpiece and become as popular in his native America and in Britain as he already is on the continent.

Rambert Collaboration/Riverside

Clement Crisp

When Ballet Rambert was Second Construction. The piece re-formed as a modern company was theatrically communicative in 1966, one of its first innovations was a series of experi-mental evenings encouraging new creativity from members of the company in collaboration with painters and musi-cians. Four such collaborative exercises took place; two decades later the troupe has been re-named the Rambert Dance Company, and to mark

the occasion a further set of Collaborations, the fifth, is being held at Riverside Studios this week. Ten new works were on view on Wednesday evening, sev-eral of them the tenderest choreographic shoots. Standchoreographic shoots. Standards of presentation ranged from the perfunctory to the stylish, but first praise must go one other piece must be mentioned accompaniment, much of the performed live, and with two commissioned accores—by Nicholas Wilson and Peter Muir—of more than passing interest.

produced an atmosphere, a personal and coherent vision, that is the delimate of successful collaboration.

One other piece must be mentioned: Gary Lambert's solo for himself, One Love, which is danced to a poem by Linton Kwall Johnson. The verse, I suspect, matters not at all; what is so exciting is the vigour and

decoration of dance. Hence the invitation to John Murphy, Richard Deacon and Anish Kapoor to provide settings. The

- many of the other offerings were so self-obsorbed and so ingrospective as to suggest that they were personal therapy rather than choreography—and very well integrated in its

The particularly Indian coloration of set and design, a mysterious violet penumbra produced by imaginative lighting, the pentatonic clangour of the John Cage score which gives the piece its tide, and Miss Britton's passing choreographic references to Indian dancing, produced an atmosphere, a per-

stylish, but first praise must go
to the quality of the musical
accompaniment, much of the
performed live, and with two
commissioned accres — by
Nicholas Wilson and Peter
Muir—of more than passing
interest.

There was implicit in the
evening the idea of an extension of the Rambert tradition
of involving fine artists in the
decorption of dance. Honce the was an emotional and physical involvement—a sense of theatre—sadly lacking in most of the other novelties.

Kapoor to provide settings. The most successful of these, and the one visual delight of the evening, was Mr Kapoor's intense, huminous purgle back-identity. Names may change; drop for Amanda Britton's The



Karen Gledhill

The Innocent Mistress/Derby

Martin Hoyle

Unlike last year's Country on helped by musical interWife at Manchester this production lacks cruelty and cynicism.
How much of this is due to
Annie Castledine's blunt, bluff
tely needs speed and coherence
direction and some very erratic.
After 50 minutes Stifyn Parri,
acting is hard to tell. A romp
seems intended; and such
serious strands of plot as exist
everyone sitting coming the title is wooden and defeat; too little too late.

The first professional produc-tion, at Derby Playhouse, for Bill Pinner's set we also meet 290 years of this comedy by Mary Pix, one of the late enraged attack on the pretty Restoration "she-wits" throws up a piece no better or worse fountain made me wish that than countless other second-than countless other second-rankers. That is to say it lacks the human cast.

the bite of Congreve or The men come off the worst, Wycherley and instead anticlor for the most part sheepish or pates the sentimental bourgeois stilted. They are the chief sinhumour of Sheridan. Unlike last year's Country not helped by musical inter-

the high-principled heroine of trate please." An admission of the title is wooden and monotonous, and Johnny Worthy, though he doubles as a perky black cockney servant, is romantic interest is limp and utterly unconvincing ag the listless, the humour uncertain married man who inspires her virtuously suppressed passion.

The comedy relies on familiar elements; fortune-hunters, who trick heiresses into marriage, false letters of assignation. They include Liz Rothschild age, false letters of assignation. They include Liz Rothschild age, raise letters of assignation. They include Liz Rothschild rakes who finally fall in love. whose wit, point and buoyancy We meet a comic dragon ripe recall the young Edizabeth for hoodwinking whose theatrispriggs; and Shelley King cal progeny will include whose attack, elegance and proMmes Hardcastle and Malaprop—nicely played by Markene her colleagues—some of whom Sidaway, an aptly sturdy are patently wondering what mother to Charlotte Barker's they are doing.

Arts Week Continued from Page 22

Music

LONDON

Tames Vasary, piano and director with the Peterborough String Orchestra. Haydo, Mozart and Larsson. Queen Elizabeth Hall (The), (928 3191). London Symphony Orchestra and Chorus conducted by Lorin Maszel, Mahler 2. Barbican Hall (Tue). Maner (638 8391).
Leadeny of St. Martin-in-the-Fields chamber ensemble directed by Kenneth Sillito. Mendelssohn and Schunerh Hell (Wed).

nem Sauro. Mencesson and Schi-bert. Queen Elizabeth Hall (Wed). London Philharmonic conducted by Klaus Tennstedt with Maurizio Pol-lini, piano. Webern, Beethoven and Brahons. Royal Festival Hall (Thur). (202 2001) (228 3191). ondon Symphony Orchestra conduct-ed by Lorin Maazel, Mahler 5, Barb-ican Rall (Thur).

Orchestre Philharmonique de Mont-pellier Languedoe-Roussillon con-ducted by Cyril Diederich, Montpellier Opera Choir, Orieo Catalo Choir: Berlioz (Tue). Salle Pleyel

(4561 0630). Ikanor Zabaleta, harp, Monique Frasca-Colombier, violin and atto, Pietre Alain Biget, flute: Mozart, Debussy, Parish-Alvars, Bach (Tue). Saint-Severin Church (4563 7935).

Orchestre National de France conduct-ed by Georges Pretre, Barbara Hen-dricks, Florence Quivar, Jean-Phi-lippe Courtis: Benvenuto Callini in concert version (Wed). Theatre des Champs Elysees (4720 3637). Nouvel Orchestre Philharmonique conducted by Marek Janowski: Web-er, Mendelssohn, Saint-Saens (Thur). Theatre des Champs Elysees (4720 3637).

(4720 3637). rchestre National de l'De de France conducted by Jacques Mercier, Choir Ars Musicae: Debussy, Ravel, Schmitt (Thur). Salle Pleyel

(4581 0630).

psemble Orchestral de Paris conducted by Philippe Herreweghe, Frederic Pelassy, violin, Choeur de la Chapelle Royale, Collegium Vo-cale de Gand: Mendelssohn (Thur). Theatre de la Sorbonne (4582 6757).

Milan: Teatro Alla Scala: Rafael Frubbeck de Burgos conducting Haydn, Ravel with pianist Alicia de Larroc-

ha, and Bartok (Wed and Thur).
(80 91 28).
Sorence: Teatro Comunals: Israel
Philharmonic Orchestra conducted
by Zubin Mehts, Prokofiev and
Tchalkovsky (Mon and Tue). (277 92 36).

NETHERLANDS

Rotterdam, Doelen. James Conlon con-ducting the Rotterdam Philharmon-ie, with Bella Davidovich, piano: Riedstra, Tchaikovsky, Bertioz (Thur), Recital Hall: The Nether-lands React Orientate Exceld Forlands Brass Quintet: Ewald, For-

syth, Bach, Pachelbel, Scarlatti, Rossini (Tue). (413 2490). Itrecht, Vredenburg, Ferdinand Terby conducting the North Holland Philharmonic Bernstein, Milhaud, Bizet, Smetzna, Rossini, Borodin (Wed). Antoni Ros-Marba conducting the Netherlands Philharmonic, with Alexander Rudin, cello: Mozart, Haydn, Schubert (Thur). (31 45 44).

(31 45 44).
The Hague, Dr Anton Philipszaal. The Netherlands Philharmonic Chamber Ensemble under Vladimir Splvakov, violin: Denisov, Mozart, Haydn, Schubert (Mon). (609 810).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Gary Hoffman 'cello, David Evitts baritone, William Neil organ with baritone, William Neil organ with Oratorio Society of Washington di-rected by Robert Shafer. Carter, Fis-ton, Copland, W. Schman (Tue); Mstislav Rostropovich conducting. Toch, Mozart, Bariloz (Thur), Kenedy Center (254 3776).

NEW YORK

Carnegle Hall: Vienna Philharmonic. Leonard Bernstein conducting. Christa Ludwig mezzo-soprano. Bernstein, Mozart, Sibelius (Thur).

Juilliard Symphony (Juilliard School):
Sixten Ehrling conducting, Beethoven, Sibelius (Wed). Lincoln Center.

Merkin Hall (Goodman House): Roger
Press plano recital. Franck, Robert
Casadesus, Rachmaninoff, Chopin,
Prokoffey (Mon). 67th w. of Broadway (362 8719).

Kanimann Hail: Jeffrey Siegel piano recital. Brahms, Liszt, Gershwin (Tue). 1395 Lezington Av. (831 8003). New York Philharmonic (Avery Fisher Hail): Sir Colin Davis conducting. Berlios (Thur); Sir Colin Davis con-ducting, Sibelius and Vanghan Willi-ams (Tue). Lincoln Center (674 2424).

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Murray Perahia piano. Bartok, Schumann, Tchatkovsky (Thur). (485 8111).

Tekya Metropolitan Symphoxy Or-chestra, conducted by Jean Fournet. Ravel and Saint-Sains. Suntory Hall (Mon). (822 0727). Hall (Mon). (822 0727).

Yomiuri Nippon Orchestra conducted
by Heinz Rogner. Strauss, Ravel,
Brahms. Tokyo Kosei Nenkin Hall.
Shinjuku (Tae). (270 6191).

Tokyo Philharmonic Orchestra, conducted by T. Otaka with Nai Yuan
Hu, violin. Mendelsoohn Bruckner.

Hu, violin. Mendelssohn, Bruckner.
Suntory Hall (Tue). (256 9698).
New Japan Philharmenic Orchestra
conducted by Seiji Ozawa with Viktoria Mullova, violin. All-Brahms
programme. Suntory Hall (Thur).
(573 3588).
Kammer Orchester Berlin, conductor
Hainz Schunk; oboe, Jurgen Abel.
Bach. Hitomi Hall, Showa Women's
College. Sangariava (Thur).

College, Sangenjaya (Thur). (461 2590). raditional Japanese: Shin-nai Bushi

ragnoral Japanese; Smirini Irisin story-telling accompanied by sha-misen, banjo-like instrument. Solo-ist Tsuchiyo Fujimatsu. Mitsukoshi Theatre (Wed). (241 3311).

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Friday September 18 1987

The presidency in Mexico

of its unique ritual of choosing the next presidential candidate. The choice of the successor to President Miguel de la Madrid from this cabalistic process could be announced as soon as next week.

The unprecedented effort to give an impression of a genuine contest cannot disguise the way everything has taken place within the closed ranks of the ruling party, the PRI, subject to little public scrutiny. The successful candidate will be presented as a fait accompli, and there can be no real challenger, despite the ensuing election. The field of "official" candidates has been narrowed down to three from six. None would disgrace a presidential platform in Latin America but they all represent the PRI system which has refused to accept any challengs to its monopoly of power since the Revolution and which this year has cold-shouldered a movement for internal reform, the so-called Democratic Cur-The PRI establishment still thinks it knows what is best for Mexico and complacently relies on its own capacity for change, a capacity which has begun to look in-creasingly questionable.

Structural reforms

The person selected will be the single most important influence in determining the direction of Mexico throughout the nineties. This decade could decide whether Mexico is capable of bridging the gap between a developing and a developed economy, and whether the country's political system can be modernised with-

The de la Madrid presidency has been an era almost totally absorbed with the management of the debt crisis. The next first citizen must not only focus on debt and the sound economic structural reforms which have been set in motion, but also address the need to open up the political system.

The president sits atop a pyramid of authority with greatest weakness of President the coming months.

THE Mexican political estab-lishment is in the final throes ability to galvanise the bureau-of its unique ritual of choosing interchangeable) and so make full use of this power to achieve his goals which have been both sound and honourable. He has been a cautious president, eschewing populism which so often in the past has been the downfall of Mexican leaders. However, his caution has seen him draw back from his pro-mise of a more open political debate. Whenever elections debate. Whenever elections have been held the accusations of vote-rigging have run uncomfortably true.

Reasonable surpins

Against this, he has behaved responsibly towards Mexico's creditors and has tuck with an austerity policy despite considerable unpopularity. He can also take credit for pushing Mexico into the GATT and for setting in motion a fundamental shift towards a more liberal and export orientated economy not so dangerously dependent upon one source of income, oil.

It is indeed a remarkable contrast to see the extraordinary boom in the Mexican stock market (up over 500 per cent this year), reflecting genuine private sector confidence at the onset of his final year in office, compared to the gathering gloom and later panic as his predecessor nationalised the banks at the cuset of the debt crisis. Mexico's huge debt burden now looks more manageable than either that of Argentina or Brazil. The current account is back to a reasonable surplus, private capital is being repatriated and reserves have accumulated to an embarrassingly large \$14bn.

The government must at all costs avoid the temptation to use these reserves to splash out in the final presidential year to buy new loyalty for the PRI and the incoming President. The element worrying Mexico's creditors, so impressed by the turn-round in the external account, is an accelerating inflation without real evidence of domestic growth. Keeping inflation under control

US threat to open trade

WHEN the Governors of the IMF and World Bank meet in Washington the week after next, they will do so under the shadow cast by the Capitol, That shadow will be particularly deep this year, since Congress is about to produce a trade bill that might undermine all the efforts of these organisations to persuade the developing countries of the advantages of outward-looking

How can one persuade the governments of developing countries of the merits of greater openness to international trads when the US itself has lost that faith? The American justification is the state of the balance of payments, but many developing countries have still more unmanageable imbalances or, worse, have paid a huge price

for achieving balance.
The rise of protectionism in the developed countries has come at a time when the intelcome at a time when the intellectual case against the export pessimism of developing countries is ever better understood, as was shown by the World Bank's World Development Report 1987. An essay just published by the Trade Policy Research Centre in London, Myths and Reality of External Constraints on Development by Constraints on Development by Professor James Riedel, sheds more light on what is wrong with the traditional export pessimism. Such pessimism, he notes, usually follows from a mechanistic view of the world economy, in which the growth of world demand is the sole determinant of the growth of exports from developing coun-

Diversification

Paradoxically perhaps, those who believe in this "engine of growth" view of development almost always do so when complaining that the engine has broken down. They then argue that the developing countries should free themselves from the constraints of poor world economic growth by consciously shifting their growth towards their home market. In this way, at worst, non-existent. A pro-it is suggested, the "engine" tectionist trade act in the US it is suggested, the "engine" will be modified to allow faster

One striking development has this way the domestic political undermined the "engine of consequences of US fiscal policy growth " view and its implications. That development is the tion's sincere promotion of diversification of developing liberal country exports into products, abroad.

especially manufactures, where they contribute only a small part of world supply. It is competitiveness more than the growth of the markets that then matters. The more protectionist the developing country the less competitive its exports are likely to be. After all, Hong Rong alone exports more manu-facturers than all the countries of Latin America combined.

The policy lesson to be drawn, however, is not that developing countries must export at all costs. It is rather that their policy should not be biased against any particular market. Furthermore, it is always an anti-trade bias that needs justification. After all, there is only one sub-Saharan developing country, Nigeria, that has a mar ket for manufactured goods much larger than that of a middle-sized British town like Nottingham. Only four developing countries have total markets for manufacturers significantly greater than those of Greater

Correct policy

Neutrality is logically the cor-rect policy for almost all developing countries individually. It is also the correct policy for all developing countries to-gether wherever their combined exports of a given product contributes a modest share of total world demand. Nevertheless, the growing protectionism of the developed countries is likely to alter both reality and percep-

So far as the reality is concerned, protection seems for-tunately to have been quite ineffective until now, with the volume of exports of manufactures from developing countries growing at 8.4 per cent a year even in the 1980s, almost four times as fast as the growth of developed country markets But perception is quite another matter. Awareness of protec-tionism in developed countries is becoming stronger in all developing countries. Conse-quently, the rewards of liberalisation look, at best. increasingly unattractive and, would confirm all suspicions. It would be a bitter irony if in were to thwart the Administraeconomic policies

Guy de Jonquieres says that for companies, the EC's plan for a single market

ATE LAST JUNE, a bevy of European business leaders converged on the summit meeting of European Community heads of govern-ment in Brussels to vent their collective impatience at the slow progress towards Community integration.

Heading their list of complaints were delays in pushing through the EC's ambitious programme to create a single market by sweeping away all internal obstacles to trade by 1992. Without decisive action, they insisted, Europe's future growth, prosperity and competitiveness would be imperilled.

This high-level lobbying exercise organised by the Roundtable of European Industrialists, a select club of 30 blue-chip companies — undoubtedly succeeded in conveying the message that top managers are itching with frustration at the red tape and nationalistic fragmentation of Europe's un-common market. Yet, despite this display

common purpose, views in European industry differ sharply about how much the specific barriers which the EC specific barriers which the EU programme sets out to attack really matter. Even among the Roundtable's members (according to one of them) there are "shades of opinion" about what needs to be done.

Philips, the large Dutch electronics group, is a long-standing campaigner for the internal market programme and cou-

market programme and con-tinues to stress that it is crucial to the company's corporate strategy. But at West Germany's Siemens, also a European electronics leader, attitudes are more low-key: "Yes, the topic comes up internally," says one executive. "It's one of a number with the says of the ber we discuss. There are many

Furthermore, some large chemicals companies, such as West Germany's Bayer and Britain's ICI, say that irritating as EC hurdles are, they have as EC hurdles are, they have learned to take them in their stride, "When we ask people, where do you have specific problems which would be solved by the EC programme, answers tend to get a bit thin," according to Mr Friedrich-Wilheim Pohlenz, head of economic policy at Bayer. "My impression is that for the German chemical industry, Europe is already highly Europe is already highly developed as a single market."

Lafarge Coppes, the French company which is the world's biggest cement maker, takes a similar view. "There are no restrictions, nothing prevents us from setting up plants wherever we like," says Mr Jacques Lefevre, an executive vice president. "For us, the common market is complete."

anywhere in the EC, while er than half compisi delays at frontiers. West Ger-

most serious barriers to suc- more than three times cess, the study concluded, were number of turbine and boiler lack of knowledge, commitment makers in the US.

may mean less than some of them claim



Bursting barriers of mind and matter

and persistence within the firms themselves. But to judge from this that the internal market programme is unlikely to have more than a marginal impact would almost certainly be wrong. That many companies expect it to make a real difference is clear from the quiet but determined resistance by industries seeking to protect privileged positions in their home markets, and from dark warnings that US and Japanese companies may

be the only real beneficiaries. The severity of trade barriers within the EC varies considerably. Relatively few siderably. Relatively lew market sectors are, in practice, completely closed — though those which are tend to be economically important. The biggest is public procurement, roughly 10 per cent of the Com-Of 42 companies operating roughly 10 per cent of the Comin Europe surveyed by the munity's gross domestic proAmerican Chambers of Commerce in 1985, 32 said they had
had no problems winning orders to international competition.
or meeting technical standards four areas where public
and regulatory requirements suthorities are major customers - energy, telecommunications, specifically excluded from the Rome Treaty provisions.

trade obstacles in 1984 because it ceased getting replies.

More generally, a recent study of UK companies by the British Overseas Trade Board found that successful exporters, almost without exception, dismissed customs formalities generation, even after the and other bureaucratic procedures as no more than an administrative nuisance. The Boveri of Switzerland, it has more than three times the

"There would be im competition, an enormous scramble if markets were opened," says Mr Graham opened," says Mr Graham Anderson, deputy chairman of Britain's NEI, a leading power engineering company. He does not welcome the prospect, arguing that competing across the EC would add to the company's costs without guaranteeing any new business. "All European power utilities today are chauvinistic, and in a way all national manufacturers benefit," he says.

Financial services are

In pharmaceuticals, each country insists on its own approvals procedures, while in many types of consumer goods there is a proliferation of different national requirements for label-ling and packaging and, some-times, product specification. Mr Alain Chevalier, chairman of French luxury goods maker Moet-Hennessy, says that to sell some of its cosmetics lines throughout Europe, the company needs to hold three separate sets of stock.

Financial services are to have a clearer idea of these another no-go area in nunch of costs later this year, when it

The real test of the programme may lie in its ability to alter managers' perceptions

the Community. Though deregin plans to publish the results of lation has begun to open stock a research study into the "cost markets and banking to wider of a non-Europe." Even the Britain and France, restrictions are crumbling much more many's chamber of industry and commerce (DIHT) says it stopped polling its members on EC be bound to hasten restructuring trade obstacles in 1894 because of industries in which frag-

In most cases, however, cop-ing with intra-EC differences is largely a question of cost. The motor industry carries a parti-cularly heavy burden, having to grapple with five different emission standards and myriad other national variations in govern-ment regulations. "It all makes for horrendous programme planning," says a Ford Europe executive.

international competition in most diligent analysis must rely partly on Tu ever: one economist involved in the study describes it as "like trying to do a three di-mensional ligsaw with half the pieces missing." What it cannot hope to discover is how companies behaviour will

> moved, and whether more of them will be emboldened to treat the EC as one market. Some critics argue that the opportunities are aiready there, but that too few companies have had the vision and energy to seize them. "Sheer pusil-lanimity," says Mr Alain Minc, former finance director of the

change once obstacles are re-

Saint-Gobain glass group who now heads Cerus, the French holding company of Italian in-dustrialist Mr Carlo de Bens-

Mr Andre Delage, a director general of CGE, the French electrical company which last year took control of the European businesses of ITT of the US, accepts that there is some truth in this accusation. The barriers are important, but in the past we stressed them too much as a reason to do noth-ing," he says.

On this view, the real test of the internal market programme the internal market programms may lie as much in its ability to alter managers' perceptions as to change objective market conditions. The Commission fears that unless industry is convinced that the single market will become a reality and plans ahead accordingly, the impact of the initiative may be reduced.

For many managements, thinking on a truly pan-European scale will involve a major break with the past. Ironically, the challenge may be as severe for some well-established European multi-national groups as for the smaller firms. Companies such as Philips and Unilever, the Angio-Dutch food processing group, still do much of their business through local subsidiaries which have traditionally developed, made and sold products mainly for the countries in which they are

Though Philips, for example, is seeking to rationalise its European operations, it dare not move too fast for fear of offending local sensitivities. As corporate strategies,

Mr Andre Mercier, chairman of La Radiotechnique, Philips' affiliate in France, points out, its carefully cultivated image as a patriotic "local" company is vital to doing business, particularly when bidding for government contracts. It's good politics. Philips's genius has been to allow us to keep our specific national identity,"

The most striking signs of a more "European" approach by industry is the recent surge of cross-frontier takeovers, such as the CGE-ITT deal and a string of acquisitions by Italian entrepreneurs led by Mr de Benedetti and Mr Raul Gardini

Some companies, notably Moet-Hennessy and Peugeot, are reorganising their manage ment or seeking to expand their distribution channels so as to position themselves better in EC markets. Britain's ICL computer company has announced plans to open its first plant on the continent.

However, even in France, where the government has mobilised a massive publicity campaign around 1992, such moves are rare. Furthermore, according to industry ministry officials, awareness remains low among the country's thousands among the country's thousands of small and medium-sized firms. In Britain, several large com-panies such as BAT, ICI and GKN are taking a close interest in the internal market pro gramme. But according to Mr John Scates, international director of the Confederation of British Industry. There's a vast spread of people who know nothing at all about it."

know nothing at all about it."

In West Germany, those companies which are not indifferent to the programme appear supremely assured of their ability to cope with it. There is a widespread conviction for an industry with a phenomenal export performance across the globe, selling in Europe is a piece of cake. "Europe, America, Japan, it's all the same to us." says Dr Helmut Becker, head of external relations at BMW. tions at BMW.

However, even the most self-confident West German com-panies insist that a more open internal market is unlikely to be the same as an extended home market. "Some things home market. "Some things like government attitudes and institutional structures won't change," says Dr Herbert Stich, executive director of sales and marketing at Siemens. "We marketing at Siemens. "We will still be thinking in terms of working on the Spanish or Italian markets, not a single European market."

Others agree. "The idea of there agree. The mea or a totally integrated European market is light years away, because we have different cultures, lifestyles and languages," according to Mr Neil Garrard, a director of McKinsey, the international management constitutes Mr Nevicute McKinsey. sultants. Mr Xavier de Mont-falon, planning director of Merlin-Gerin, a French maker of electrical equipment, insists that adapting to customers' incountries is more important than learning to comply with their technical standards. "Habits are something you can't legislate about," he says. Even the most ardent en-thusiasts of the internal market programme would not disagree. From that standpoint, at least, the real test of the programme may lie as much in its ability to convince more of European industry that the obstacles are in eliminating them.

Beevor makes

It is second time round for Antony Beevor, aged 47, solicitor and merchant banker, who will begin a stint as director general of the City of London's Takeover Panel at the panel's regular quarterly meeting on December 11— —traditional handing-over day

a round trip

for the job.

Beevor was seconded to the panel for two years in the early 1970s as secretary. When he left to join Hambros

corporate finance department (where he has been ever since and is now a director) the then and is now a director) the then of Governor of the Bank of England, Leslie O'Brien thanked him for his services and added, "I hope to see you back as director general in ten years time."

In the event it has taken Beevor 15 years to make the round trip. But he has a reputation for being a patient man, and says he is looking forward to his two years in the director general's chair.

His father, Miles Beevor, aged His father, Miles Beevor, aged 87, also a solicitor and business-man, will be remembered by old City hands as legal adviser to the British Transport Com-mission, and managing director of the Brush Group.

After Winchester and New College Oxford, Antony Beevor spent 10 years with Ashburst, Morris, Crisp, and Co the solicitors, before going to the Takeover Panel. He is married with two children.

Front line

While Beevor yesterday discreetly parried questions about his plans as director general, the size of the task he will face in December was illustrated by the brevity of the present in-cumbent's supporting appear-ance at a Press briefing.

steal downstairs from a meeting of the full Takeover Panel called to consider the late (and unusually structured) bid by Crowns, the Canadian group, for two money-broking sub-

Men and Matters

sidiaries of Mercantile House. Walker-Haworth's 21-month tenure has seen a flood of takeover activity, unrivalled in volume and relative size for nearly two decades. More significantly perhaps, the innovative skills — and wiles — of take-over artists have never been

After the Guinness affair, the panel's exposed position at the keystone of the City's regulatory structure has become a favourite target for critics.

Its authority has survived an initial legal challenge and should be bolstered by evolving links with the Securities and Investment Board.

Nevertheless, Beevor's appointment has been greeted predictably by some as a "last throw"—the usual hostile description for each amendment to the Takeover Code or change in personnel at the As an active takeover prac-

titioner—and not once hauled up before the panel—Beevor is expected to take a sensible, nondogmatic approach which should complement the dominant hand of chairman Robert Alexander. Beevor himself regrets the changed world since he last worked at the penel, when the code was a thin document indeed, and based on general principles rather than precise rules. His commitment to the panel, however, is undiminished; "It is thet best system for regulating takeovers that anyone has devised so far."

Canadian capers

John Walker-Haworth had to Britain's MI5 is not the only government intelligence agency to be the topic of some controversy at the moment.

Service (CSIS) is under a cloud following the resignation of its director, T. D'Arcy Finn.

Finn has stood down after it was revealed in federal court that the agency submitted a misleading affidavit to obtain a wire tap warrant. The development has given

fuel to critics who have per-sistently claimed that the threeyear-old agency, formed to replace the scandal-torn security service of the Royal Canadian Mounted Police, has failed to change its stripes in sufficient degree. Certainly, former police ented on the agency's

payroll.
In selecting Finn's replacement, however, the Mulroney government appears to have signalled its determination to make a break with the past. Reid Morden, who takes over as CSIS director, is a career-diplomat with no previous experience in Canadian intelligenca agencies.

Most recently assistant secre-tary to the cabinet for foreign and defence policy, Morden had a hand in negotiating the treaty which defines Canada's trade links with the European Com-munity, and is reputed to be a tough administrator. reportedly Although

"stunned" when informed of his new posting, Morden spparently has no doubt about his ability to do the job. "I think, frankly, that anyone with an exposure to senior policy-making in the govern-ment ought to be able to do

Roux's return

this," he says.

Ambroise Roux, the long standtroversy at the moment. ing eminence grise of French
Its counterpart in Ottawa, the industry and finance, is making Canadian Security Intelligence a dramatic comeback to the

centre stage of Franch The former chairman of France's powerful Compagnie Generale d'Electricite (CGE), who resigned just before the group was nationalised by the left in 1982, was chosen yesterday to replace Sir James Gold-smith at the top of Generale

Occidentale, Sir Jamm surprised everyone this summer when he sold his controlling interest in Generale Occidentale, his main French company, to the recently privatised CGE.

Ambroise Rouz, now 66, appears to have played a major role in the CGE-Goldsmith transaction. Indeed, when the Right returned to power in France last year, Roux also returned to CGE as a member of the telecommunications and heavy engineering group's board.

He will now be spearheading CGE's controversial new diversification into the media and other services through the Goldsmith deal.

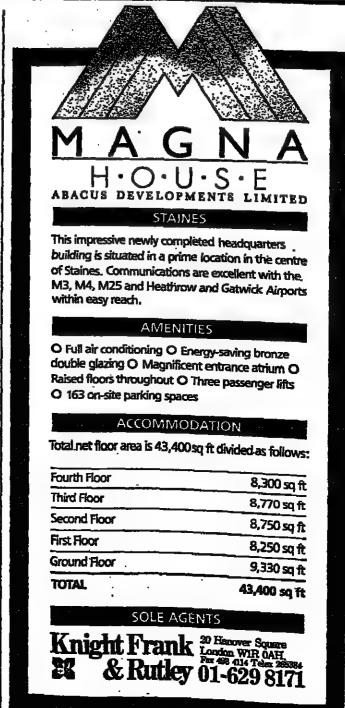
Many people say that Rouz, one of the great secret fixers of the French business establish-ment, has for some time been pulling the strings inside CGE, a suggestion which irritates Pierre Suard, the current CGE chairman, appointed by the Right Wing government last

A close friend of the late President Georges Pompidou. Roux is also close to Edouard Balladur, the current finance and economy minister who was and economy minister who was secretary general at the Elysee Palace in the Pompidou years.
The rotund and jovial Roux also claims to have good relations with President Mitterrand — who is believed to have consulted Roux on a number of occasions on delicate industrial and financial dossiers. and financial dossiers.

Risk factor

From the Unit Trust Newsletter for September, "We cannot guarantee that letters to the Your Questions Answered" page will be answered." Ah well!

Observer



AGATHA CHRISTIE'S Miss Marple would have enjoyed the assembly of Britain's Liberal Party in Harrogate this week. There were no corpses and no great arguments to speak of. Nothing much hap-pened except that the Liberals agreed, as expected, to begin negotiations with the Social Democrats on the formation of a new party. It might have been called, after a famous book, The Strange Death of Liberal

Beneath the surface, how-ever, it was all rather intriguing. Some people did not turn up: the recently ennobled Roy Jenkins, for instance. And if there were no murders, there was character assassination.
David Owen, the former Social
Democratic Party leader, was
the principal victim.

the principal victim.

Some of the key characters did not talk to each other very much. The relationship between David Steel, the Liberal leader, and Robert Maclennan, Dr Owen's successor, is still at arm's length. Despite having been Scottish MPs together for more than 20 years, they appear scarcely to know each other. Scotland, says Mr Steel, is a hig place.

There was also an air of mystery, even if nobody could be sure what the mystery was. The motivation of the characters was mysterious as well. What is Mr Maclennan up to and what is Mr Steel going to

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Mr Steel is not telling, per-baps for the entirely plausible reason that he has not yet de-cided. After more than 10 years as party leader, he says that he would be more than happy to make way for a successor. He would hope to continue as an MP, but would devote more time to his interests in Scottish and African affairs.

The trouble is that an obvious choice for the succession, David Penhalligon, the MP for Truro, was killed in a car crash last December. Mr Steel would have had no objection to the leader-ship of the new party going straight to Dr Owen but, as he says, Dr Owen has deliberately thrown it away.

The successor will almost

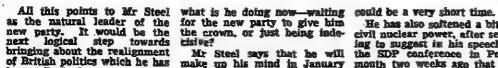
certainly have to be an MP and there are very few eligible can-didates. Alan Beith, the deputy to Mr Steel and the MP for Berwick upon Tweed, has been consistently impressive in his speeches to Liberal assemblies over the years, but he is not much known in the country and Mr Steel has not done a great

deal to bring him on.
Paddy Ashdown, MP for
Yeovil, is full of ambition and
energy, but perhaps still a bit
wild. Charles Kennedy, the
young SDP MP for Ross and
Cromarty who quickly embraced the call for the merger with the Liberals and dropped Dr Owen, is a possible long-term candi-date, but not yet.

Politics Today: the Liberals at Harrogate

The Steel machine looks a little tarnished

By Malcolm Rutherford



on his record.

It is doubtful whether he achieved as much as he would have tiked from the Lib-Lab pact in the late 1970s. He spears to have been similarly ruthless in blaming Dr Owen for the Alliance not doing better in the election this year and in calling for a merger almost before the results were counted.

There is elso a stronger case capable of take next general e be little point to commit him to commit him five years?

Which bring leader of the leader

There is elso a stronger case against him. Mr Steel has never really been interested in ideas. His heart and his head may be generally in the right place, but ideas bore him. For him, re-adigment is an end in itself. He does not appear to appreciate that a political party only takes off when it has a solid body of thought behind it and

After all, the leader should be capable of taking it through the next general election. There can be little point in having an interim leader. But that is Mr. Steel's dilemma: does he want to commit himself for the next five years?

Which brings us to Mr Mac-lennan. Could he, having emerged almost overnight as leader of the SDP, also become a contender to head the new The Liberals do not yet know quite what to make of him. He

makes the right gestures. He was warmly received when he mounted the platform to listen to their merger debate on Tuesday, When he offended them it was unintentional. He told the assembly that the new cizete that a political party only takes off when it has a solid body of thought behind at and represents an identifiable constituency in the country.

He may seem, too, just a shade opportunistic. Why else did he take a lead so quickly after the general election? And

new party. It would be the next logical step towards bringing about the realignment of British politics which he has long talked of.

Yet, apart from his own reservations, there are arguments against this. Mr Steel is beginning to look a bit tarnished. He has been around long enough for there to be blotches of taking in the same party and the leader should be more or it. He now says that he was a merely citing it as an example of the firstrating for the party not agreed a common policy before party in the same party in the same party must be in favour of the Alliance not having to know what his intentions are.

It is doubtent to the new party to give him the crown, or just being indering to suggest in his speech to he suggest in his speech to he sold the sold the suggest in his speech to he suggest in his speech to he sold the sold the suggest in his speech to he suggest in his sug

Mr Maclennan has something else going for him, apart from his not being Dr Owen. The Liberals have grown rather to admire the SDP during the years of alliance. They think it is better organised than their own party, better at decision-making and altogether more dis-ciplined. They would like the new party to learn from it.

That point was made by, of all people, Michael Meadow-croft, one of the more anarchic of their leading figures, and it is widely felt. The Liberals believe that it would have been time to get their own house into more order, even without the possibility of merger.

Mr Maciennan's problem, of course, is not so much Dr Owen course, is not so much Dr Owen as the 43 per cent of SDP members who voted against the merger. He thinks that it would be no achievement at all, indeed it would be a total disaster, if the merger terms were negotiated and then rejected by anything like half the SDP.

Given Dr Owen's position, acceptance of a merger by the

SDP is never going to be total. Thus there must be a point at which the rejection rate would be low enough for Mr Maclenant to press ahead regardless.

Mr Maclennan's dislike of the Labour Party. He is reluctant to talk about

this, but it might be around 20 per cent—the level at which David Sainsbury would think twice about financing a separate party. Mr Maclennan has virtually written off, which he had not quite done in Portsmouth, the chances of Dr Owen ever coming round to the merger. The negotiations should now begin in earnest and there is

one key area of agreement between Mr Steel and Mr Maclennan, even if they have not fully communicated it to each other. It is that the new party must set out to replace the Labour Party as the main opposition to the Conserva-tives. Only then can it ever hope to become the first force.

There has been a lot of mis-There has been a lot of mis-understanding about this and Mr Maclennan did not help his own case by repeatedly stating in Harrogate that the new party would be the third force. Mr Steel did not help either by attacking Dr Owen for creating the impression that the SDP only wanted to ally with Mrs Thatcher, while the Liberals preferred Labour. In fact Mr Steel thinks that

corporatism of the Labour Party to the canclusion some years ago that Labour would never win a general election again, and is determined to show that he was right.

he was right.
Logically, this view of Labour as the main enemy must be correct from the new party's standrect from the new party's standpoint. There is not going to be
electoral reform before the next
general election. Therefore,
Labour has to be pushed into
third place if the new party is
to emerge as an alternative
government.

Mr Steel and Mr Maclennan should talk to each other. Politically they have a lot in common. They have met, however, only twice since the majority of the SDP agreed in principle to seek the merger, and then relatively bridgy.

Lombard

Why the bezzle is rising

By Richard Lambert

two or three major investment case.

banks are hit with enormous

is this just the tip of an iceberg, with much more waiting to be exposed as the tide of the worldwide bull market ebbs and flows? The answer is that this is almost certainly so. The level of imprudent behaviour—and, what is more, of financial crimes—can be plotted in line with the business cycle. When times are nets cycle. When times are good and money is plentiful, managers change their views about what constitutes an about what constitutes an acceptable level of risk. They also become less inclined to check expense claims and to slog through rows of numbers in search of discrepancies. And although there is plenty of money around, there are always people who want from: people who want more.

Successful speculators are envied and imitated, and errors of judgement — or outright dishonesty — can be hidden behind the general increase in profits and share prices.

profits and share prices.

In a depression, all this is reversed. As Professor J. K. Galbraith once put it, money is watched with a narrow, suspicious eye, and the man who handles it is assumed to be dishonest until he proves himself otherwise, Audits are penetrating and meticulous, and commercial morality is enormously improved. Thus the period after the financial crash of 1974 was one of the most austere in was one of the most austere in recent memory. After the exces-

and then relatively briefly. Personal relations between them have not become much closer.

As Miss Marple, whose creator Agatha Christic spent some time in Harrogate, would no doubt have observed, these things are important. Mr Steel could make his intentions clearer when he addresses the assembly this afternoon.

But who knows? The plot thickens, or is it thinning?

THE Japanese bond market case of fraud, there may be a THE Japanese bond market case of traud, there may be a takes a dive—and an important chemicals company is when the crime is committed forced into the arms of its and the victim begins to feel bankers, crippled by ill-timed any pain, a happy period in speculation in bond futures, which society as a whole feels US financial markets go itself to be considerably better through a volatile phase—and off than actually may be the

losses on speculative transof the bezzle in operation was
actions which in at least one that of the Union Industrial
case had not been properly
authorised.

The transof the bezzle in operation was
that of the Union Industrial
Bank of Flint, Michigan. The
assistant cashler started embezzling money from the bank early in 1928 to play the New York Stock Market. In the next York Stock Market. In the next few months, it gradually dawned on him that more than a dozen of his colleagues were doing the same thing, and that there might well be safety in numbers. Soon, the conspirators took to having well attended weekly meetings in the board room to discuss their investments. Reliable bell have in the local hotels were boys in the local hotels were retained to give early warning of the arrival of the bank

In this case, the bezzle did not lead to much of a net increase in the sum of human happiness, since the group showed an uncanny ability to pick the wrong stocks. They went short just before the market took off in the early summer of 1929, and decided there was only one way left to balance the bank's books—by taking out a major long position. This they did, shortly before Black Thursday. The "league of gentlemen," as they liked to call themselves, turned out to be model prisoners in their adjoining cells in Michigan State Penitentiary. State Penetentiary.

Without looking for anything on quite this extravagant scale, the strong bull market of re-cent years has obviously en-couraged all sorts of excesses, both honest and otherwise. Major transactions have been made on the assumption that profits and security prices will continue to rise for the fore-secable future; leveraged buyseeable ruture; leveraged buy-outs being the obvious example. Rainnee sheet structures and overhead expenses have been enormously expanded on a simi-lar basis. And, yes, sand-filled socks have yet to fall on happy, gullible heads as the result of crimes already committed. The betzle is running in big num-hars.

Catching up with the West

From the Editor.

The second argument is that market reforms have not gone far enough in Hungary. What is implied, I believe, is that economic freedom not having been implemented enough cannot manifest its intrinsic superiority. If this were a significant variable one would expect fast growth in small European market economies of a similar level of development, like Greece or Yugoslavia or a bit farther away, like Ireland and Portugal. But the growth rate in these countries has been very slow, and close to that of very slow, and close to that of Hungary (1 per cent in Greece, 1.3 per cent in Yugoslavia, 1.9 per cent in Ireland and 2.7 per cent in Portugal). The underlying idea in this second argument is that economic freedom will specifically initiative to will spur individual initiative to its maximum, and that the market will guide it in the best pos-sible direction. I thought everyone knew that this was only true under very special assump-

A more serious explanation of the paradox that intrigues Leslie Collit is that the "risk taking market economy" does not necessarily, and under all circumstances, produce better results than central planning. The Americans and the British found this out during the first and second World Wars when the task was to produce maximum amounts of known commodities. Central planning proved vastly superior.

I propose a death

Letters to the Editor

Sir, — In his Lombard column (September 4) Lestic Collit asks why Hungary, which introduced market reforms, has done so badly while East Germany, which stuck to "orthodox" central planning, has done so well. This is confirmed by figures from national accounts: real annual growth was 0.9 per cent in Hungary during 1879-1986, while it was 4.4 per cent in East Germany during the same period.

Mr Collit gives two reasons which seem to me quite insufficient. The first is the "German apirit" argument. If this was a significant explanatory variable, one would expect much lower growth rates in non-German centrally planned economies. This is not the case and the annual growth rate (for 1879-86) has been much faster than in Hungary in all countries that the rigidity, the routine, and the relatively "autarkic" and the relatively "autarkic".

annual growth rate (for 197986) has been much faster than in Hungary in all countries that stuck to orthodox planning (4.3 per cent in Bulgaria, 2.I per cent in Romania, 3.7 per cent in the USSR and 8 per cent in the USSR and 8 per cent in Albania).

The second argument is that market reforms have not gone far enough in Hungary. What is implied, I believe, is that economic freedom not having been implemented enough cannot manifest its intrinsic laways their disposable inalways their disposable in-

Francisco Vergara, 1 Place Paul Poinleve,

Smoking and sickness

From Joy Townsend

Sir,—Having recently returned from holiday I write in reply to the letter (August 22) by the director of public affairs of the Tobacco Advisory Council. My original letter to you included references to my statistical sources but these were edited out. According to the Annual Abstract of Statistics the index out. According to the Annual Abstract of Statistics the Index of production of the UK tobacco industry was 5 per cent higher in 1973 than in 1984 (95.0 compared to 90.3 with 1980=100). According to the Employment Gazette, employment in the industry was 50 per cent higher in 1973 than in 1984 (33,200 compared to 22,000). There are some year by year differences in published government statistics due to updating, but my

high diness ratings when com-pared with non-smokers. The same survey quotes the main reason for men giving up smoking as current ill health. Joy Townsend, Northwick Park Hospital,

Life goes on

past forties From the Director, Erasmus University Centre for International Energy Studies

Sir,—Your correspondent's survey of the North Sea's prospects (September ?) correctly emphasised the importance of the appreciation of fields' reserves over time and the significant remaining exploration potential. The North Sea oil province is, in other words, evolving in exactly the same way as all other major provinces as we argued it would in the two studies we published in the mid-1970s.

in the two studies we published in the mid-1970s.

Our work was, however, virulently criticised and the disbelief in our conclusions was reflected in the widely expressed views of North Sea oil as a limited, short-term phenomenon with production as well as investment and revenues declining even more quickly than they expanded: leading to the "what shall we do when the oil runs out" attitude to oil in the national economy.

Unhappily, in spite of Lucy Kellaway's more realistic pre-

Kellaway's more realistic pre-sentation on the outlook, the diagram (which so prominently accompanies her article) showaccompanies her article) show-ing the production profile to 2005 appears to be based on data which reflect the earlier unjustified pessimism; thus helping to perpetuate the myth-of a country soon to be re-dependent on imported energy and/or more expensive indi-genous alternatives as well as of a national exchequer devoid of revenues from oil produc-

Given an oil price at present levels, and a continuing willingness of successive govern-ments appropriately to modify concession and taxation regimes so as to encourage off the task was to produce maximum amounts of known commodities. Central planning proved vastly superior.

I propose a double explanation for the indisputable better performance of centrally planned economies during the second phase of the world crisis (1979-86) The first is that these countries are catching up with the West and that there

oil market with oil prices as high as \$18-20 per barrel. Here, on the demand side, lies the greatest uncertainty for the prospects for the British oil sector—and the associated Peter R. Odell. Postbus 1738, 3000 DR Rotterdam.

How graduates fared

From the Secretary, University of Combridge Careers Service Syndicate.

Sir. - Michael Dixon mensir, — Michael Driton mentioned various deficiencies in his league table of universities by output of graduates (September 9) but the categories of first destination which he uses incorporate another deficiency.

He combines the figures for those not employed at the end of December, for those in short-term employment and for those not available for employment. To use the sum of those figures as the indicator of unemployment is unrealistic, and ignores important changes in the pattern of movement into employment.

In some fields, traditional trainee entry arrangements have virtually ceased, largely have virtually ceased, largely because of externally induced financial pressures, and have been replaced by the need to acquire a prack record through a series of short-term jobs. People seeking careers in such fields (museum work, for instance) will therefore appear in the category "short-term employment," as inevitably as potential chartered accountants will appear in "permanent employment" and potential solicitors in "further full-time study or training." Of course, the size of that category has increased, but the increase reflects the stance of employers rather than the employability of

rather than the employability of gradontes. Michael Dixon himself raise a question over the fact that the numbers "not available for

the numbers "not available for employment" have been rising. It is, of course, difficult to be sure why people do not do things — in this case, why they do not make themselves available for employment — but it is apparent that increasing numbers of graduates are choosing to delay their search for employment, often in order to do something maturing and educationally useful, like foreign travel beforehand. educationally useful, foreign travel, beforehand.

Michael Dixon is more experienced and better informed than most in interpreting the first destination statistics, and would, I feel sure, agree that they have one major imperfection. They are a snapshot, used to record a situation which is changing more rapidly than at any time in the past 25

OSCAR, EMMY, GRAMMYAND GOLDEN ROSE-WE FEEL LIKE As everyone everywhere has said at one time or another: "We're over the moon, Barry." We now know just how it feels to have your name According to this year's US Electronics Survey, the UK is seen as one of the most suitable locations for direct inward investment. Those American companies that preferred Britain named Scotland as their number one choice (England second, N Ireland third and Wales fourth). No bookends for guessing which Scottish New Town came out on top in the same survey. Glenrothes. Of course, this isn't something entirely new to us. Just the same thing happened in '78 when Glenrothes emerged as "Top Town" in another international survey. Although we certainly wouldn't be described as an overnight success, we think our efforts deserve a little applause—for consistency if So, this once, we thought we'd blow our own trumpet just a little bit. If you'd like to get aboard our bandwagon, why not give us a call? We'd like your company.

GLENROTHES

FOIL FURTHER INFORMATION PLEASE CONTACT JOHN McCOMBIE, DIRECTOR OF DEVELOPMENT, GLENROTHES DEVELOPMENT DOMAGNATION, BALBIRNIE HOUSE, GLENROTHES, RFE, SCOTLAND KY7 SARL TELEPHONE: 0592-754343, TELEX: 727725.



FINANCIAL TIMES

Friday September 18 1987



and the grade of the second of

William Dawkins reports from Luxembourg on taxing the limits of EC members' sovereignty

VAT hearing no joke for Britain and Ireland

could qualify for the same tax VAT zero rating should be al-relief as food because they were lowed only for clearly defined involved in making agricultural produce was among the more arcane points raised during a preliminary hearing earlier this week at the European Court of Justice in Luxembourg.
The issue behind this is no

The issue behind this is no joke for Britain and Ireland. They were in court to defend their right to give VAT exemption to a far wider range of products than the European Commission would like.

In Britain's case, this includes the country's 30,000 construction companies which

struction companies, which could see their tax bills driven up by £1.2bn if forced to pay 15 per cent VAT on new work. The consequences, the UK Building Employers Confederation (BEC) fears, could be to squeeze demand for private housing and impose a new con-straint on public construction, already struggling under gov-ernment spending limits. The extra costs would, of course, be passed on to the public, with a

thock-on effect on inflation.

The case is an unusually political one for the court - and is seen by some officials as an unwelcome encroachment on its judicial independence.

On the surface of it, the Commission's legal action against. The case is made all the more Britain and Ireland is straight-controversial by the fact that

BY NANCY DUNNE IN WASHINGTON

after the US Rouse of Repre-sentatives passed legislation on

Wednesday by a vote of only 263

to 156.

An industry spokesman talked of "building" on the number of yes votes to get the 290 votes necessary to override a certain presidential veto. But, in truth, an override is unlikely.

From the start, the legislation to place tight limits on imports of textiles, clothing and shoes, was in trouble. It failed to get the support of key members, in-

the support of key members, in-cluding Mr Dan Rostenkowski,

PRESIDENT REAGAN yester-

day celebrated the 200th anniversary of the US constitution

declaring that it was America's solemn duty to spread its prin-ciples of freedom and limited

government to the rest of man-kind.

Standing in front of Independence Wall in Philadelphia, where the founding Fathers gathered 200 years ago to debate and sign the constitutional, Mr. Borger, spake with mission.

Mr Reagan spoke with mission-ary zeal about his country's call-

The guiding hand of Provind-

ence did not create this new na-

tion of America for ourselves

alone, but for a higher cause -

ing in the world

THE US textile industry yester-day attempted a note of opti-mism about its chances of get-ting the import quotas it wants, "Sector specific" protectionist

chairman of the important sylvanian Republican, House Ways and Means Com-expressed the dilemma many

forward. According to EC rules, social reasons or to benefit the final consumer, both of which touch sensitive questions of na-

tional sovereignty.

The Commission argues that neither of those conditions apply to an assortment of zero-rated products in Britain, from new construction (though council) housest can continue to be new construction (though coun-cil houses can continue to be exempt), through to protective boots, animal feed, as well as energy, water and sewerage supplied to industry. Ireland, meanwhile, is de-fending its right to give favoura-ble treatment to a smaller list including electricity for busi-

including electricity for busi-nesses, fertiliser and seeds. The UK argues that the Com-mission has no right to chal-

lenge its decisions on which sectors should come in for VAT exemption at a time when an already controversial draft EC di-

ready controversial draft EC directive proposes to abolish the whole system of zero-rating.

Put forward by Lord Cockfleld, the - ironically British - commissioner responsible for the internal market, the package aims to remove what the Commission fears is a key distortion to free trade by narrowing the differences in VAT rates charged by member states. charged by member states,

"Sector specific" protectionist

trade measures have proved to be a lightning rod for conserva-tive opposition, so the two men sought to concentrate their en-

ergies on the omnibus trade bill, now in a House Senate con-

ference. The latter, though massive and potentially destabilising, stresses "reciprocity" and prodding on foreign markets rather than close American

The textile bill also attracted wide opposition from farm, re-

tail, export and consumer interests. Mr George Gekas, a Penn-

the preservation and extension

of the sacred fire of human lib-erty. That is America's solemn duty," the 76-year-old President said.

High above, seven white bal-

loons marked "Stop Contra Aid" bovered in the rain, a reminder

that some Americans were ready on this anniversary day to exercise their First Amend-ment rights to oppose the US backed rebels in Nicaragua.

Yesterday brought to a climax months of national celebrations of the constitution which have also been mixed with debate among scholars about whether the original four page document meet the needs of the modern ITS state.

US textile industry 'optimistic' on quotas

Reagan speaks of America's solemn duty

COURT.



the Cockfield package leaves construction out of the sociallysensitive sectors to be covered by the lower rate which it envis-ages in its two-tier VAT system

ages in its two-tier VAT system for the future.

Britain, an otherwise eager supporter of the drive for a free community market by 1992, cannot accept Lord Cockfield's proposal, which it sees as a challenge to the Treasury's most basic right - to decide its own taxes.

Clearly, the outcome of the benefit the final con Luxembourg case will crucially It does not disp affect the negotiating power of both the UK and the Commission when the VAT draft comes for debate in the Council of Ministers in the next few months, and it is this which threatens to phonge the court in-to a political fight. Its advocate general, Mr Marco Darmon, is expected to give an opinion by mid-November. If past cases are anything to go by, that will be in line with the final judgment, ex-

pected next spring.
The Commission, meanwhile, cannot accept that Britain should get away with charging VAT on just 44 per cent of private spending and Ireland 35 per cent, when most member states tax 90 per cent of constructions.

Neither can it accept that the Neither can it accept that the private construction industry, as opposed to local authority housing, exists for clear social reasons. This rigid distinction is just not appropriate. Our policy is for homes, whether they are for rich or poor, argued Mr David Vaughan, Britain's counsely

The Commission freely accepts that member-states' social policies should, to a point, be their own business. The real bone of contention is how far the UK and Ireland go in allow-

free, but does draw the line at products involved indirectly in making food, which is where the farmers' boots and animal feed

come in.

Roots used in the production
of food? Certainly not in Ireland, said Mr Eoin Fitzsimons,
Dublin's counsel.

On a more serious level, fuel and power for industry should pay VAT because the final consumer does not benefit directly, argues the Commission, which does not dispute that private answers expensive charge continuous and continuous control of the continuous control of the con

does not dispute that private energy supplies should continue to be exempt.

Britain maintains that the whole question of where zero-rating should be allowed is of only academic interest to the Commission. The practice has no impact on the resources the EC gets as a share of member states' VAT income - the main source of community funding. source of community funding because governments automati-cally compensate Brussels for VAT revenue lost through zero-

It is not as if zero rating gives the modules at question gives case an unfair advantage over EC competitors, adds the UK. You just don't trade buildings across borders," says Mr John Ray, secretary of the BEC's tax committee.

Guinness buys US distributor

GUINNESS, the international drinks group, has bought for \$480m Schenley Industries, a major distributor of its brands in the US and owned by Riklis

Congressmen were facing in Wednesday's debate.

"Can we exert the wisdom of Solomon to choose which of our fellow Americans would be most helped or hurt by this legislation? he asked in the end he voted, reluctantly, for the measure because "in the shoe industry the numbers (of market losses) are so horrible that even i, a staunch free trader, must have pause."

The vote cut across party lines, attracting most support in states where the industries have suffered great losses. Of Trafficant Junior, an Ohio Democrat, 193 voted for the measure while 54 opposed it. Seventy Republicans voted in won't be until he has a full-favour and 102 voted against.

Mr Donald Pease, an Ohio Family Corporation.

The acquisition, announced yesterday, overshadowed Guinness's interim financial results ness's interim financial results for the year to June 30 1987, which, in yielding a pre-tax profit of £151m (\$246m), was less than City of London forecasts.

Schenley Industries, owned by Mr Meshniam Riklis, is the

by Mr Meahniam Riklis, is the sixth largest wine and spirits business in the US. It is expected to have sales of more than \$500m and profits before interest and taxes of about \$65m in the year ended January 31 1988. The company, which has a number of its own brands, distributes major Guinness brands maior Guinness brand Reagan gave a plug to the hard pressed judge and later, at a Republican fund raising event, in the US including Dewar's White Label whisky and Gordon's Gin.

The acquisition is in line with Guinness's strategy of gaining more control of its distribution outlets as it and other major drinks companies battle for

drinks companies hattle for global markets.

In addition, the acquisition resolves a legal wrangle between Mr Riklis and Guinness over the ownership of the Dewar's whisky trademark in the US. Dewar's, formerly owned by Distillers, acquired by Guinness in April 1986, is the leading Scotch whisky brand in the US.

The \$450m purchase price The \$450m purchase price will be paid in cash from existing funds. However, a further consideration valued at about

the next five years depending on sales volume. In addition, Guinness will assume approxi-Guinness will assume approxi-mately \$75m of debt relating to the wines and spirits business. The acquisition was well re-ceived in the City of London al-

ceived in the City of London al-though there was disappoint-ment over the interim financial results. Guinness acquired Dis-tillers in April last year and if Distillers had been included for the whole of the first six months

the whole of the first six months of last year, the interim result this year of £151m would compare with £142m last year.

A net interim dividend of 3p is to be paid with a forecast by Guinness's board of a final dividend of £2p, giving a total net dividend of 9.2p for the year.

Face lift for Marshall Field

Continued from Page 1 long succession of rebuilding

and redecoration schemes since Mr Marshall Field, a former store clerk from Massachusetts, started his first Chicago shop in

He lost one store in the Great Chicago Fire of 1871, then rebuilt it, only to lose it again in another blaze six years later. However, his most grandiose creation was in 1902, when four years before his death he built starting will be found the company of the starting o massive pillars to flank the State Street entrance. They were the tallest stone monoliths west of the ruins of Karnak on the Nile.

In 1986, the State Street store-which itself dates back to 1879 -accounted for 20 per cent of the Marshall Field retail chain's

Harshall Fred retail casus's sales of \$150.

However, BAT's theory is that many suburban consumers also use the State Street store for window-shopping, then buy goods from the other 14 Marshall Field stores in the city's metapoolitan area.

metropolitan area.

BAT has been encouraging swift growth by the Marshall Field chain, whose sales have

THE LEX COLUMN

High spirits at Guinness

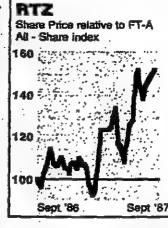
The market may still be a touch undecided over the merits of Galoness shares, but the combeloness shares, but the com-pany's operations are starting, to emerge in a clearer and more flattering light. The Schenley deal, obviously right in strate-gic terms, seems to be coming comparatively cheap. The inter-im figures, which yesterday had the analysts cheerfully acknow-ledging the guesswork of their previous forecasts, now form a basis for more reasoned growth projections over the next few

The figures also confirm the extent to which Guinness is now a new version of the old Distillers. Brewing profits - down mainly because of an extra £9m spent on advertising - have shrunk to less than a sixth of the shrunk to less than a sixth of the pre-interest total. However, costs in distilling are now some £20m lower on an annualised hasis, with twice as much promised again as production and domestic marketing are knocked into shape. On a longer view, the picture for spirits worldwide is scarcely one of growth. The formula for survival is by now familiar - genuinely inter-

wide is scarcely one of growth. The formula for survival is by now familiar - genuinely international brands, controlled all the way from production to point of sale. It is also the formula pioneered by Mr Anthony Tennant's old employer, IDV, and Guinness took some pride yesterday in pointing out that the \$555m (including assumed debt') paid for Schenley is cheaper at 8.3 times pre-interest profits than the 8.7 times paid by IDV for Heublein.

Revised forecasts of something over £400m for the full year put the shares, down 8p yesterday at 357p, on a prospective multiple of just over 12. This is roughly in line with the sector, which seems fair given that growth should be below average this year but above average next. There is also, of course, the threat of litigation from Argyll and the overhang of shares held by Schenley's parent; but these are problems of the old Guinness, and the shares are starting to look to the new.

the Government was deliberately priming the market for the BP issue are looking more and more plausible. After equities more plausible. After equities were knocked down by a base rate rise in Angust, they are now obligingly running up again just as the sale details are filtering out. The economy is in fine shape - we have one month's figures and the Chan-



cellor's word to prove it. Over-heating worries have gone; unit wage cost increases are low, even if earnings rises are un-comfortably above inflation, and industrial output is keeping pace with retail sales increases. Even the trade figures have been revised to show a surplus in the first half of the year. Yesterday's buoyant mood

Yesterday's buoyant mood could be reversed at a stroke to-day should the bank lending figures turn out much above £3bu. But barring that accident, and so long as the UK can keep its attention away from Wall Street, the market might be set fair - at least until the end of

RTZ's shares have risen from under £6 to over £14 during the last twelve months, enabling the company to overtake its old rival Anglo American in terms of stock market capitalisation. But as yesterday's 21 per cent rise in net profits underlined, it is the group's sprawment in the first six distribution from CRA. Rio Algom and Palabora fell by close to a fifth in the first six distribution from the first speciality chemicals activities. Ict of excitement in that area to Indeed, two thirds of the shift the shares. Failing that engroup's profits are now coming couragement, earnings growth from industrial products and a likely to be roughly in line

Iron property explains the sharp drop in group profits from down under. But with the announcement of another round of substantial redundanround of substantial recumnan-cies, CRA's performance should start to improve, and RTZ should also begin reaping the benefits of the recent surge in metals prices in the second half Aluminium prices, for exhalf. Aluminium prices, for example, are 28 per cent up on the first half average, and this will help RTZ earn upwards of £275m for the full year, putting it on a prospective multiple of around 17 times earnings. For a cyclical mining stock this sort of multiple would look undemanding, but if it is treated as an industrial company, it looks more dustrial company, it looks more than enough given its relatively unexciting profits outlook over the next couple of years.

share by CRA's Hammersley

Reckitt & Colman

When Reckitt & Colman bought Airwick in late 1984, the City was slow to realise how significantly the merger would increase profit margins in 1986 and beyond. Similarly the purchase of Durkee in the US last sutumn has had the effect of the pressing group profit growth in autumn has had the effect of depressing group profit growth in the first half of 1987. Durkee made a pre-tax loss in that period but before related interest charges of around \$5m or so it made a profit and after the seasonally stronger second half it should comfortably cover its financing costs for the year. It is only in the second half that the sales force will be merged with French's and the two office French's and the two office blocks be replaced by one. And when US margins do rise again they will be on the higher com-bined sales.

Durkee is not solely responsible for yesterday's share price fall of 27p to 1085p. The rearrangement of the Australian business did not help understanding of the results. And analysts had hoped that Reckitt would group's profits are now coming from industrial products and a likely to be roughly in line £23m rise in net profits from this source more than offset flat energy earnings and marginally lower earnings from metals.

The combination of a surprisingly strong Australian dollar and a temporary loss of market to regain their sheen.

UK moves to speed up merger inquiries

in outside consultants to reco-mend ways of speeding up official investigations into take-overs and mergers.

overs and mergers.

The review, being carried out by management consultants from Ernst & Whinney, the accountancy firm, follows growing City of London concern that Monopolies and Mergers Commission investigations take too long

long.
The review will cover the operations of the Office of Fair Trading, the Department of Trade and Industry's competition policy branch and the com-mission. The consultants have been appointed to look at "merger control procedures", the Department said.

The proposed takeover by British Airways of British Caledonian in July brought the

donian in July brought the question of timing to a head. The two airlines said that the deal would be called off if a monopolies investigation took the usual six months. Lord Young, Trade and Industry Secretary,

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THE UK Government has called subsequently directed the com

mission to report within three months. Last week the Government al-so limited to three months a commission investigation into the sale of WH Smith's book

club interests.
Insiders believe that investi gations could be completed in even less time than this.

The speed with which the Office of Fair Trading makes a re-commendation to ministers for a referral will also come under review. In the British Airways case, it reached its recommen-dation in less than two weeks seen at the time as very quick, and an indication that it has fewer problems to overcome than the commission.

The consultants, called in at short notice at the beginning of this month, have been given un-til the end of October to complete their review.

The review is part of a wide-ranging government review of competition policy.

British unemployment falls to four year low

In his speech yesterday, Mr heavyweight boxing champion.

BY PHILIP STEPHENS, IN LONDON THE BRITISH Government's earnings figures are translating optimism over the outlook for into some acceleration in unit

Some 32 states have called for

Constitutional Amendment to

a Constitutional Amendment to require a balanced federal bud-get. President Reagan himself has called for an economic Bill of Rights but two more states' signatures are needed to recon-vene a convention and, over the years, the Constitution has proved remarkably enduring.

By historical coincidence, 1987 has seen the Constitution in dramatic action; the summer congressional inquiry into the Iran Contra affair and this week's Senate scrutiny of President Reagan's conservative nomines for the US Supreme Court.

ficial figure of 2.833m at its low-est level for over four years. Alongside the jobs' statistics, the Department of Employment reported a 7.2 per cent increase in productivity growth over the

ast year. The Department of Trade and Industry, meanwhile, said that the volume of investment spending by manufacturing industry rose by a nearly 14 per cent in the account quarter of this year. It also revised upwards its estimates of Britain's said that the fall in the unemployment figures was real course. overseas earnings for the first half of the year, changing what was thought to be a small deficit on the current account into a

on the carrent account into a surplus.

Mr Nigel Lawson, the Chancellor of the Exchequer, however, rejected any idea that the economy was overheating. Britain was likely to recordabove trend growth this month, but that the surplibulations. but that was unlikely to carry through into 1988. Last month's one point rise in interest rates was enough to head off any risk of higher inflation.

of higher inflation.
Yesterday's batch of favourable economic statistics were the second this week, following news on Wednesday of a sharp rise in manufacturing output and a brightening outlook for sizeable tax cuts in next year's bridget

budget.

It was marred, however, by signs that the growth of average earnings in Britain's manufacturing industry is beginning to edge up in response to the strength of output. Despite the strong gains in productivity, the

Republican fund raising event, singled out Senator Arlen Spector of Pennsylvania for special praise. Senator Spector is a swing vote on the divided Senate judiciary committee considering the Bork nomination.

Politics aside, yesterday's pagent contained a healthy dose of American showhis and a guide

gent contained a neatiny dose of American showbiz and a guide to American pride: three 15 foot motorised robots, Dennis Con-nor's America's Cup winning yacht, a 16-member syncronised Briefcase Drill Team composed of dancing California bankers

and lawyers and a chunky looking Joe Frazier, the former

the UK economy was given a continuous for the UK economy was given a continuous further boost yesterday by a full of more than 43,000 in the official unemployment total, a continuous productivity surge and a upturn in investment spending.

The decline in the jobless total was the 14th consecutive tained without pushing up inflamountly fall and it leaves the official figure of 2855m at its low surger and a surger tained without pushing up inflamountly fall and it leaves the official figure of 2855m at its low surger tain about of today's lower than the production of the surger tained without pushing up inflamountly fall and it leaves the official figure of 2855m at its low surger tain about of today's lower than the continuous continuous and the continuous cont are uncertain ahead of today's figures for the money supply, after evidence last month of a rapid acceleration in credit de-

mand.

Mr Lawson would not be drawn on the prospects for tax cuts in next year's Budget but acknowledged that Public finances are clearly under very

said that the fall in the unem-ployment figure was welcome, but it was brought about largely as a result of the Government's pro-election spending spree. The is only tragic that all this £4bn (\$6.4bn) was fed into a huge con-sumer credit spree which will peter out next year when unem-ployment will start to vice ployment will start to rise again."

The sharp fall in the jobless total over the past year in part reflects the expansion of the government's special measures - the numbers on the Youth Training Scheme, in particular, have risen steeply.

There is also increasing evidence, however, that the strength of the economy is translating into rising employment, with a slowdown in the numbers

Dalgety PLC

has sold its forest products subsidiary

Balfour Guthrie (Canada) Limited

The undersigned acted as financial advisers to Dalgety PLC in this transaction

Lazard Brothers & Co., Limited

Pemberton Houston Willoughby Bell Gouinlock Inc. Vancouver

September 1987

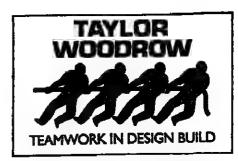
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday September 18 1987



Owens-Illinois to acquire Brockway for \$744m

BY DEBORAH HARGREAVES IN NEW YORK

OWENS-ILLINOIS, the largest US vice, had sales last year of \$1,86bn. major public company. Owens-Illi leveraged buyout, is negotiating to acquire Brockway, the second largest glass container supplier in the US, in a deal worth around \$744m.

The company said that provided Brockway's board agrees to the proposed merger in a special meeting scheduled for late yesterday, it would launch a cash tender offer of \$80 a share for Brockway's 12.4m common shares outstanding.

Brockway, which operates 11 metals packaging businesses, glass container plants in the US as Owens-Illinois believes this is the

glass container manufacturer An official for Owens-Illinois said the company considered that a com-leveraged buyout, is negotiating to bination of the two companies. which would benefit from Owens proprietary technology, could develop a very competitive glass contain-This would boost the ability of

glass to compete against other ma-terials, particularly in the beer and soft drinks market, where glass has faced a tough job to remain competitive in recent years, he added. Both companies also have plastics and

well as a plastic and metals containfirst instance of a company, recentny is acquired by a third party, if
or business and a commuter air serly gone private, making a bid for a would pay Owens a fee of \$37.5m.

nois went private after it accepted an offer earlier this year from Kohlberg, Kravis & Roberts, the investment firm which specialises in taking companies private.

Brockway's share prices was up \$19% to trade just below the offer price at \$58% yesterday morning. As part of the merger agreement, Brockway will grant Owens-Illinois an option to buy 2.3m shares, or 18.5 per cent of the outstanding

shares, at \$60 a share. Brockway also agreed that if the merger is approved and the company is acquired by a third party, it

Heileman rejects Alan Bond bid

BY OUR FINANCIAL STAFF

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Limited

G HEILEMAN BREWING, the son, was expected to sign the mea- hallmark of takeover defend fourth-largest US brewer, yester-day rejected the \$1.2bn unsolicited

Heileman caid to takeover bid from Australia's Mr Alan Bond, but left the door open for talks with the Australian brewing and resources magnate.

The move by Milwaukee-based Heileman's came as Wisconsin legislators finalised passage for a pair of anti-takeover proposals prompted by Mr Bond's bid. The State Governor, Mr Tommy Thomp-

Mr Judge has resigned as chair-

The move follows a period of un-certainty generated by the decision of Arisane, Mr Judge's Australian ment arm of DFC New Zeeland, the

man, but will stay on the board.

Heileman said its board unanimously determined that the \$38-ashare tander offer launched on September 4 by Amber Acquisition, a unit of Bond Corporation Holdings, Australia's second-largest brewer, was "inadequate and is not in the best interests of the company or its

In language that is becoming a

with Sir Francis Renoul the compa-

Heileman said it had instructed Merrill Lynch Capital Markets, its financial adviser, to explore alternatives to enable shareholders to realise the full value inherent in the

The board also determined not to redeem Heileman's outstanding "poison pill" preferred stock pruchase rights in response to the of-

FAI buys 19.9% share in Renouf

FAI, Mr Larry Adler's Australian flagship group, to reduce its holding government owned financial group, insurance and financial services organisation, has taken a 19.9 per cent share in Renouf, the New Zealand banking, industrial and property group previously controlled by the Corporation, Mr. Judge's New Zealand investment of Ariadne's position and the arrival of FAI are positive developments. FAI has now bought 52m shares, for Renouf, which is considered to be undervalued at its current price

corded profits of NZS150m (USS96m) for the year ended June

Crownx's Mercantile counter-bid thwarted

By David Lascelles in London

CROWNX, the Canadian Fromcial services and health care company, was thwarted yester-day in its last minute attempt to intervene in British & Commonwealth's takeover of Mercantile

The Takeover Panel, the vo-lantary body which regulates the City of London's takeover activity, gave a roling which prevented Crownx from going abead with a controversial counter-offer for the wholesale broking units of Mercantile House which B&C in-

tends to spin off. As a result, Crownx's hid lapsed, and Crownx tendered its 14.9 per cent holding in Mercan-tile House to B&C which now intends to complete the takeover as soon as possible. B&C said it was delighted with the ruling. Mr Gary Klesch, the owner of Qua-siex, the securities firm which had already made an agreement to buy the wholesale broking businesses, was not immediately available for comment. But be had previously denounced the Crownx offer as "a bribe".

The Panel, which met in urgent full session yesterday morning, issued a detailed five page statement last night which concluded that the deal between B&C and Quadrex should go ahead. It also absolved Mercantile House from holding a special shareholders' meeting to ap-prove the deal. This meeting, which was required by the Take-over Code, was scheduled for

Crownx had offered £280s (\$456m) for Mercantile's wholesale broking units, the same as Mr Klesch. However in a move believed to be unprecedented it also offered to pay Mercantile shareholders 10p a share if it was allowed to buy the businesses in-stead of Mr Klesch. Anatole Kaletsky in New York looks behind the scenes at Coca-Cola's foray into Hollywood

Puttnam exit stirs Coke's critics

IT SEEMED a bit implausible from the beginning. Applying the principles of scientific marketing to tame the wildly unpredictable financial behaviour of the Hollywood film amounced departure of Mr David business, seemed at first blush like the epitome of management-school

Nevertheless, when Cora-Cola ging movie operations just over a bought Columbia Pictures in 1982
Wall Street and Hollywood alike

Even more than the decision anwere willing to give the merger the benefit of the doubt, once they had recovered from the initial shock of the acquisition's price-tag.

The profits from Columbia's television business were soaring and the value of its movie library was nal strategy had gone badly wrong. growing at an impressive rate. If Cohumbia's movie producers were failing to turn out the block-buster price was still doing spendidly, in part at least because of the highgrowth image which the glamorous entertainments divisions had grafted onto the staidly profitable soft drinks cash machine.

Some analysts even began to speculate that the world's most sucessful marketing company had really cracked the challenge. Perhaps it had found a way of "selling movies like soda-pop" and thereby turning filmed entertainment into a growing but reliable money earner nstead of the financial roller-coas-

announced departure of Mr David Puttnam, the distinguished British film producer whom Coca-Cola brought in to run Columbia's flag-

Even more than the decision announced by Coca-Cola two weeks ago to merge Columbia with Tri-Star Pictures and spin it off as a separate company, the thinly-disquised sacking of Mr Puttnam was an admission that Coke's origi-

The spin-off of the entertainments business could, on its own, he presented as a hicrative finansuccesses on which Hollywood's for-times are built, Coca-Cola's share it both the parent company's balit both the parent company's balance sheet and its shareholders at a time when Wall Street puts a much lower value on conglomerates than on "pure" companies, which devote

> In purely financial terms, analysts have judged Coca-Cola's forey into the entertainments business to have been a perfectly respectable investment, yielding after-tax profits of around \$300m over five years on a total cash investment estimated at around \$745m.

Mr Putinam's removal, however, ter that Coce-Cola's generally can- is a reminder that the profits have experience in selling soft drinks, long.

David Puttnam

been as much a consequence of Coca-Cola's good luck as its good judgement. In particular, it shows that very little has come of the originally-trumpeted strategy of applying solid conventional business practices to the mercurial and selfdulgent world of Hollywood.

Coke's initial hope was to make its mark on the film business with its consummate skills at marketing. Coke believed that it could use its ence in the advertising business to spending. But the economies are cut Columbia's marketing costs and not likely to be attempted quite so thereby automatically boost the controversially and prominently at profitability of its films.

It soon found, however, that its

ris. The project has an estimated

overall cost of about \$1.6bn and Dis-

ney expects to open the complex in

Mr Paul said it was not unreason-

ences. As Mr George Thomson, an analyst at Prudential Bache points out, "soft drinks are all basically the same, so the key to success of a soft drink is the strength of the market-ing support behind it."

But movies are all different, as Coke found to its cost. Mr Puttnam's appointment represented the next stage in Coke's attempt to turn Columbia around by conventional business means - in this case by bringing costs under control

From the beginning Mr Putt-nam's main problem in Hollywood has been his insistence that successful films could be made with relatively low budgets and without indulging too many of the whims and monetary ambitions of hig name superstars. This was a view that found natural allies at Coca-Cola headquarters in Atlanta, where management was naturally inclined to think that a flagging business should try to improve its performance by cutting costs, rather than boosting them.

With Columbia now under the control of Tri-Star's chairman, Mr Victor Kaufman, the studio will not, buying power and tactical expert- of course, be trying to increase controversially and prominently at the expense of stars like Bill Cosby, Warren Beatty and Sylverster Stal-

Power Corp in

MCA may build Europe theme park

MCA, the Los Angeles-based enter-tainment group, has examined the possibility of building a theme park in Europe at an estimated cost of more than \$500m, Mr Charles Paul, rice president, told Reuter in Los

"We have been looking at a lot of opportunities in Europe," he added. MCA, which has recently been at-tempting to compete with Walt Disney in the theme park business, had narrowed down the sites to either Paris or the Spanish coast.

MCA competes with Disneyland in southern California with its mo- agreements with the French Gov tion picture studio tour in Universal City near Los Angeles.

The company also plans to com-plete a theme park on a 440 acre site in Orlando, Florida in the autumn of 1989. The park would compete with the Disneyworld and Epcot Centre complex, also in Orian-

"We do very well in the same places as Disney," Mr Paul said.
"We're recognised as the only world class alternative to them."

ioint venture Earlier this year, Disney signed By Robert Gibbens ernment involving a planned Euro-Disneyland theme park at Marne-la-Vallee, about 20 miles east of Pa-

in Montreel

POWER CORPORATION of Canada, the financial services and industrial group controlled by Montreal financier Mr Paul Desmarais, is joining Imasco and several other able to expect that MCA's European large companies in Sutter Hill Ven-park could be opened the same tures, a venture capital partnership year. The project would be paid for investing in high technology firms through stand-alone financing armainly in the US and based in Calirangements. fornia.

European Home Products PLC

ny's founder, taking a further 15m of NZ\$3.12 a share. Renout re-

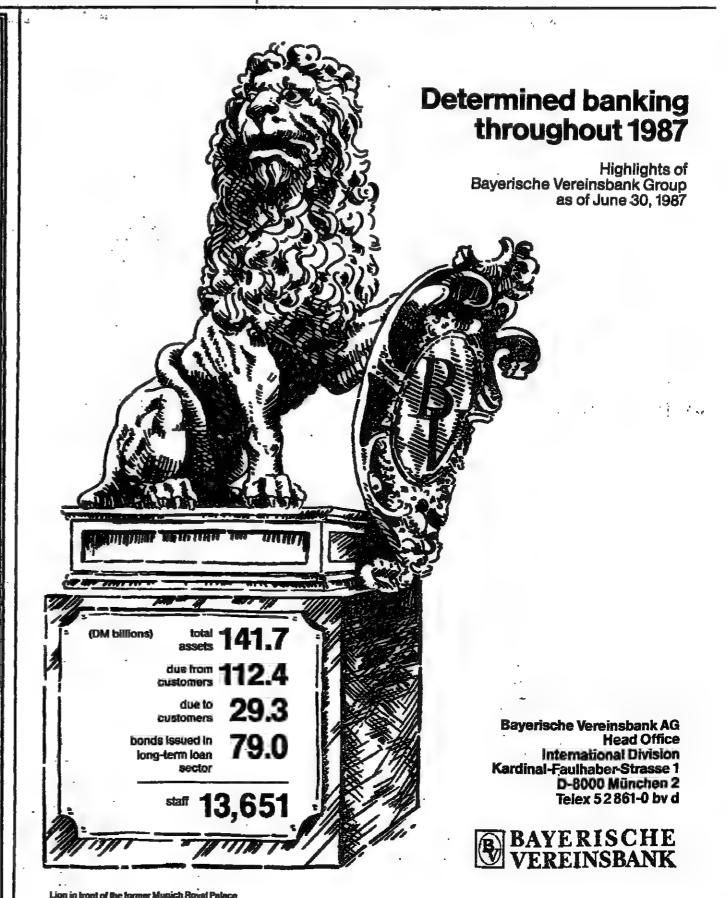
has acquired the operations of

Scholl International

Schering-Plough Corporation

The undersigned acted as a financial advisor to European Home Products PLC in this transaction.

MORGAN STANLEY INTERNATIONAL



INTL. COMPANI ES and FINANCE

BARCLAYS de ZOETE WEDD IN TOKYO.

Barclays de Zoete Wedd is pleased to announce that from September 21st its newly licenced branch in Tokyo will be trading in Japanese and foreign securities. Barclays de Zoete Wedd is one of the larger foreign securities houses in Japan, trading from new premises in:

> Shin-Kasumigaseki Building, 18F 3-3-2 Kasumigaseki Chiyoda-Ku, Tokyo 100. Telephone: (010.81.3) 591 0890. Telex. (72) 2223983. Fax: (010.81.3) 591 0882.

Telephone enquiries in London to 01-623 2323.



BARCLAYS de ZOETE WEDD SECURITIES (JAPAN) LIMITED

A MEMBER OF THE BARCLAYS BANK GROUP

This announcement appears as a matter of record only.

August 1987^a

1,100,000 Shares

Theragenics Corporation

Common Stock

The undersigned acted as introducing Broker for Theragenics Corporation. in arranging the private placement of these securities with selected European Institutional investors.

E. F. Hutton & Company (London) Limited

NOTICE TO HOLDERS OF

Inter-American Development Bank 15,000,000,000 Japanese Yen 8'/1% Japanese Yen Bonds of 1981, due November 1, 1981 Japanese Yen 15,000,000,000 7'/1% Bonds of 1983, due 15th November, 1993 15,000,000,000 Japanese Yen 7'/1% Japanese Yen Bonds of 1984, due September 28, 1994

International Bank for Reconstruction and Development

Japanese Yen 25,000,000,000 674% Yen Bonds of 1985, due April 23, 1990 (Eighth Land)

Japanese Yen 20,000,000,000 874 Yen Bonds of 1981, due February 20, 1991

Japanese Yen 20,000,000,000 874 Yen Bonds of 1983, due March 4, 1993 Japanese Yen 20,000,000,000 7% Yen Bonds of 1984, due April 27, 1994 (Sixth Isrue) 51/4% Yen Bonds due August 7, 1996 (Earth Issue)

New Zeebad

15,000,000,000 Japanese Yen 8½% Japanese Yen Bonds of 1981, due 15 December 1987 15,000,000,000 Japanese Yen 7½% Japanese Yen Bonds of 1983, due 15 September 1989 15,000,000,000 Japanese Yen 7½% Japanese Yen Bonds of 1984, due 20 November 1990

NOTICE IS HEREBY GIVEN that The Bank of Tokyo (Holland) N.V., acting as Paying Agent for the above mentioned bonds or notes, has moved its office. The new address is:

> **World Trade Center** Strawinskylean 565 1077 XX Amsterdam

Dated September 18, 1987

The Bank of Tokyo, Ltd. as Fiscal Agent

This advertisement appears as a matter of record only

Biotechnology Venture Fund S.A.

has raised

U.S. \$50,000,000

through a private placing for investment in biotechnology and health care

Investment advisers:

Abingworth Management Limited

26 St James's Street, London SW1A 1HA Telephone: 01-839 6745 Telex: 946066 Fax: 01-930 1891

September 1987

Spanish financial group buys bank shares

By Tom Burns in Madrid Grupp March, the prestigious Spanish Financial group whose banking arm is asso-ciated with the National Westminster UK clearing bank, has in recent trading sessions on the Madrid bourse bought up some 2 per cent of Banco Hispano Americano, the fourth largest domestic bank in deposit terms.

The March group thus becomes one of Hispano major shareholders, although it is well short of the 10 per cent held by Commerzbank which entitles the West German bank to a seat on Hispano Americano's board.

The admission came amid reports that a second company, Ren Investment, which is a Spanish subsidiary of the Swiss-based Financier Marc Rich, had also bought 2 per Rich, had also bought 2 per cent of Hispano Americano.

The bank said conversations had recently taken place between Hispano Americana and the Mare Rich group but that the alleged share buying spree by the latter had not been detected by the bank.

Ron Investment declined to recomment an the reports.

comment on the reports.

The newly revealed March interest in Hispano Americano was characterised in Madrid banking circles yesterday as being "friendly."

Hispano Americano, having overcome troubles in 1984-85 overcome troubles in 1984-85 which forced it to withhold dividends and which brought in a new management team, has advanced steadily this year. It posted first half pretax profits of Pta Schn (\$70.5m), a 20 per cent increase on 1986,

The flurry created over bulk share buying in Hispano Americano comes on the

bolk share buying in Hispano Americano comes on the heels of operations by the Kuwait Investment Office which has acquired a 6.5 ger cent share in Banco Central Spain's largest private bank in deposit terms, and a 4.6 stake in Banco de Vincaya, the sixth ranking bank.

Campsa in drug store venture with 7-Eleven

CAMPSA, the Spanish petrol pump company whose monopoly status formally ended with Spain's entry into the EC, has anticipated the impending challenge of European competition by announcing a joint venture with the Southland group, of the US, that will introduce the 7-Eleven petrol station drug store chain to Spanish

motorists.

The venture, valued at PTA 5bn (\$41m), will give Campsa a 60 per cent stake. It involves the creation of 200 shopping and cafeteria complexes—mostly concentrated on motorways and city by-passes—by 1992, the year when EC companies will be able to operate without restriction in Spain. triction in Spain. Southland has previously

entered similar ventures with Mobil and Shell in the US and in Canada. The agreement with Campsa marks its first retailing operation in Europa.

The Molson **Companies Limited** (Incorporated with limited liability under the laws of Canada)

U.S. \$20,000,000 Floating Nate Note jutue date 18th March 1987 Maturity date 18th March 1993

For the three month interest period from 18th September 1987 to 18th December 1987 the rate of interest on the notes will be 7 9/16% per annum. The Interest payable on the relevant Interest te will be U.S.\$9,558.16 per U.S. \$500,000 note.

Morgan Grenfell & Co. Limited Reference Agent

COMALCO FINANCE LIMITED US\$190,000,000 teed Floating Rate Notes

Notice is hereby given that for the interest period 18th Sep-tember, 1987 to 18th December, 1987 the interest rate has been fixed at 711%. Interest payable on 18th December, 1987 will amount to U\$\$194.32 per U\$\$10.000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

NBD BANCORP, INC.
US\$100,000,000
Floating Rate Subordinated
Notice due 200
Notice is hereby given chat for
the interest period 18th September, 1987 to 18th December, 1987 the interest rate has been fixed at 712%. Interest payable on 18th December, 1987 will amount to US\$197.48 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York

CCF turns in buoyant first-half net earnings

in the first half of 1987 and ex-pects a "satisfactory increase" n earnings for the year.

CCF's first-half earnings were 19 per cent more than in the corresponding period last year, but no proper comparison is possible because of the change in the group's structure, which absorbed the former holding company into the main operat-

Mr Michael Pebereau, president of CCF, said the group

PROFITS OF AEG, the West

German electrical and electro-

nics company which is con-

trolled by Daimler-Benz, will

not show any dramatic improve-

ments over the next few years, Mr Heinz Duert, the chairman,

At the company's plant in Konstanz, south-west Germany,

Mr Duerr said AEG expected profits in 1987 to be similar to those of last year. In 1986, the company produced an operating result of DM 180m

fibres group, confirmed yester-day that it is selling its con-sumer products division to Sara

Lee Gorporation of the US, a

leading consumer goods com-pany, for about F1 1.25bn (\$612m).

The consumer products divi-sion, which is jointly owned with Royal Dutch/Shell, is to

be merged with Sara Lee's Dutch subsidiary, Douwe Egherts, a seeding purveyor of

The merged company would gain to conhave annual turnover of will paid FI 5.5bn and employ 11,300, although about 4 per cent of the dividends.

THE recently privatised French had limited the development of up 23 per cent, continued to banking group, Credit Commercial de France (CCF), made a markets and reduced its in the debt markets and reduced its inche first half of 1002 and in the Euromarkets financial services rose substanvention in the Euromarkets because of the international outlook for interest rates and exchange rates.

> CCF's traditional credit activities, however, grew substanti-ally, with lending to French customers rising more than 10 per cent from the same of 1986.

Medium and long-term corporate lending, up 19 per cent, picked up again from its trough, while personal loans,

This year, turnover would grow to just under DM 12bn, Mr Duerr said. While domestic business had increased, exports

were down. The export order inflow in the first eight months was 15 per cent lower and export sales showed an 8 per cent fall.

The total order inflow up to

August was 4 per cent lower, at DM 7.75un, although at DM 7bn turnover was 5 per cent higher. While exports were down, business by AEG

the next two to three years.

would be in line with its

strategy to concentrate on its

mainly technology-oriented core businesses. In recent years the company has focused increas-

ingly on specialty chemicals, advanced fibres, pharmaceuti-

The company said the pro-ceeds of the planned sale would

be viewed as an extraordinary

gain to compensate for the good-will paid earlier for acquisi-tions. It would not affect 1987

cals and specialty coatings.

Akzo confirms deal with Sara Lee

AEG expects to hold profits

tially and accounted for more than a third of group net banking income, but margins on lending narrowed.

Group gross operating profits rose by an estimated 15 per cent, to FFr 943.9m, with net banking income up 7.6 per cent and general expenses up 4.9 per

The bank raised its custome and country risk provisions by 9 per cent, to FFr 604m.

operations outside Germany had

improved, especially in Austria, Turkey and Argentina.

Mr Duerr said that AEG would continue to use profits

to bolster its financial position.
Thus there would again be no
dividend for this year.

In 1986, AEG, which was nearly bankrupt in the early 1980s, reported no net profit, having made special provisions to strengthen the balance sheet.

Mr Duerr gave no indicator as to what level of profit be was aiming for and when dividends might again be paid.

the purchase of the specialty chemicals business of Imperial

Chemical Industries Stauffer Chemical company for \$625m, the biggest acquisition in the company's history.

division is 51 per cent owned by Akza, which manages the activities, and 49 per cent by Royal Dutch/Shell, the Anglo-Dutch off giant.

It sells food, health care items and cleaning agents in western Europe under brand names such as Mayolands, Dayvis Rectar, Zwitsal and

continental, the West German tyre and rubber products company which is expanding rapidly overseas, yesterday announced the appointment of a new chairman to replace Mr. Helmut Werner, who is joining the Daimier-Benz board. Mr Horst Urban, 51, cur-

mr Horst Orban, 31, currently finance director, will move to the top job on November 1, when Mr Werner joins Daimler. He wil retain the finance portfolio, but shed direct responsibility for purchasing and associate com-

Finance |

chief takes

top job at

Continental

CONTINENTAL, the West Ger-

This appointment of Mr Urban to replace Mr Werner, also 51, was generally expected.
He had been a candidate for
the chairmanship five years
ago, when Mr Werner was
appointed. Moving up to be come deputy chairman is Mr Wilhelm Borgmann, 58, who is in charge of tyre technology.

Mr Werner will be the board member responsible for Daim-ler's hard-pressed truck sector, He was appointed to Daimler He was appointed to Daimler as part of the management reshuffle which led to the controversial replacement as chairman of Mr Werner Breitschwerdt by Mr Edzard Reuter.

Continental's profits have recovered strongly after its difficult period in the 1970s. It has recently moved deeper into the US with the \$650m purchase of General Tire.

Belgian stores group ahead

GS-INNO-RM, Belgium's largest

ziectur

GS-INNO-RM, Belgium's largest retailing group, announced yesterday that sales in the six months to July had inched ahead to BFr 63.50n (\$1.630n), from BFr 635n in the corresponding period last year.

The company, which did not reveal any profit figures for the period, commented that the increase was due to a reorganisation. This increase corresponds to the budget and long-term development plan.

A breakdown of sales shows a fairly even performance. Specialty retailing and franchising did slightly better than last year but the traditional department store business was 3 per cent lower.

US \$150,000,000

AKZO, the Dutch chemicals and jobs would be trimmed during

MARINE MIDLAND (3) BANKS, INC.

Floating Rate Subordinated Notes Due 2009

77/8% per annum

Interest Rate

Interest Period

18th September 1987 18th December 1987 Interest Amount due 18th December 1987

per U.S. \$10,000 Note · U.S. \$199.06 per U.S. \$50,000 Note U.S. \$995.31

Credit Sousse First Boston Limited Agent Bank

U.S. \$100,000,000

Takugin International (Asia) Limited

Guaranteed Floating Rate Notes Due 1994



Guaranteed as to payment of principal and interest by The Hokkaido Takushoku Bank, Limited

Interest Rate Interest Period 83/16% per amnum 18th September 1987

U.S. \$413.92

Interest Amount per

U.S. \$10,000 Note due 18th March 1988

Credit Suisse First Boston Limited Agent Bank

NOTICE TO HOLDERS OF

NESSELIVINO INDUSTRIES, INC. T15,000,000,000 2¹/2 per cent. Convertible Ronds Due 1995

NOTICE IS HEREBY CIVEN that
THE YASUDA TRUST AND RANKING COMPANY, LIMITED, LONDON
as a paying and convention agent for the above-mentioned Bond has changed
its specified office as indicated below: 1 LIVERPOOL STREET LONDON ECAM 7NH

Dated September 18, 1987

Nisshinbo Industries, Inc.
By: The Bank of Tokyo, Ltd.

Disbursement Agent

U.S. \$75,000,000



Banco Mexicano Somex S.N.C. Floating Rate Notes Due 1991

In accordance with the provisions of the Fiscal Agency Agreement between Banco Mexicano Somex S.N.C. and First Interstate Capital Markets Limited, dated as of 4th September, 1986 notice is hereby given that the Rate of Interest for the next six month Interest Period has been fixed at 8%% p.a. and that the interest payable on relative Interest Payment Dats, 18th March, 1988 in respect of U.S. \$100,000 nominal amount of the Notes will be U.S. \$4,486.81.



Reference Agent

J.First Interstate Capital Markets Limited

18th September 1987

US \$100,000,000



Arab Banking Corporation (B.S.C.)

Floating Rate Notes Due 1996

Interest Rate Interest Period

81/4% per annum 18th September 1987 18th March 1988

Interest Amount per U.S. \$10,000 Note due 18th March 1988

U.S. \$417.08 Credit Suisse First Boston Limited

Agent Bank



U.S.\$40,000,000 Subordinated Floating Rate Notes due 1990

In accordance with the terms and conditions of the above-mentioned Notes notice is hereby given that the Rate of Interest has been fixed at 8.375% per annum and that the interest payable on the relevant interest Payment Date, March 18, 1988 against Coupon No. 11 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$423.40

September 18, 1987, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

INTERNATIONAL COMPANIES and FINANCE

NTT share sale set for November

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the Government.

be sold by the Japanese Government between November 10 and November 12.

Japan's finance ministry a large demand for funds in

THE NEXT tranche of 1.95m offering ever, more than double shares of Nippon Telegraph and Telephone (NTT), the Japanese telecommunications utility, will the Government.

Japan's finance ministry (MoF) said yesterday that the price of the new shares would be fixed on November 9 at a level 3.5 per cent lower than the NTT closing price on the Tokyo Stock Exchange.

Based on yesterday's share price of Y2.77m (\$19,370), the issue would be valued at Y5,212bn (\$36.44bn), making it will be allocated 4.5 per cent by far the largest public share

Queensland broadcaster buys Brisbane TV station

BY CHRIS SHERWELL IN SYDNEY A QUEENSLAND regional broadcasting company, which has made its mark in Britain Brisbane, and a stake in Rock-through interests in radio stations, yesterday became the latest purchaser of a major Australian metropolitan television station.

Darlings Downe Malerisian based on a foundation pro-

the business empire controlled by entrepreneur Mr Christopher

a company cannot own two stations in one centre. For Darling Downes, which will pay an A\$25m deposit now and the balance interest-free by profit. I July 1991, the purchase repre-television sents a significant expansion. A\$34m.

vision station.

Darlings Downs Television paid A\$123m for Brisban's TVQO station, acquiring it from Universal Telecasters, part of the business empire controlled by entrepresent the property of the prope

investor in British commercial radio, with a large stake in the London-based news station LBC Mr Skase put the station on the market after buying the three Channel Seven stations in Brisbane, Sydney and Melbourse from the Fairfax group for A\$780m. Under ownership rules video production company which a company cannot own two

Yesterday's deal nets Universal Telecasters a handsome profit. It bought the Brisbane television station in 1984 for

Manufacturing boosts ANI profits to A\$67m

AUSTRALIAN NATIONAL In share of results of associated

AUSTRALIAN NATIONAL Industries (ANI), an engineering and manufacturing company, has revealed an 18 per cent rise in operating profit after tax to A\$67.1m (US\$49.2m) in the fiscal year anded June 30 from A\$56.6m a year earlier, AP-DI reports from Sydney.

Turnover rose 15 per cent to A\$1.27bn.

The profit includes ANTs

Sony to acquire Fairchild plant

SONY, THE Japanese elect since it was acquired in 1979. build three years ago by Fair-child, the US semiconductor group, Sony said the purchase was part of its plan to increase production of industrial elec-tronics, thereby cutting its dependence on consumer elec-

tronics group, is to buy a The sale to Sony would rid microchip manufacturing plant
in southern Japan, which was

Schlumberger of one of the last products,
frairchild assets it still owns.

The con It announced on agreement to sell the bulk of the company this month to National Semiconductor, the leading US chip maker. The Nagasaki plant was not included in the planned

people, in order to expand its assembles integrated circuits.

in the 1987-88 financial year produces 13m bi-polar inte-out of Japanese total of nearly grated circuits each month bronics.

It is buying the plant from Schkunberger, the French oil services company and Fair-child's parent. Schkunberger recently agreed to sel Fairchild to was buying the Nagasaki which has suffered losses ever factory, which employs 230 sure from the Ministry of International Trade and Industry.

Sure from the Ministry of International Trade and Industry.

MITI imposed informal controls "over 10m a month," both for use in its own products and for sponse to angry complaints from the US, accusing Japanese output of such circuits was output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on semiconductor makers in response to angry complaints from the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such circuits was on the US, accusing Japanese output of such cir

output of semi-conductor Sony intends to start producing semi-conductor components The company, which expects to produce just Y80bn-worth (\$554m) of integrated circuits Y2,600bn, would have found it chips which are used exten difficult to expand output at its sively in controlling consumer existing plants because of pres- and industrial audio-visual sure from the Ministry of In- equipment. Sony said its own

By Our Financial Staff

GOLD FIELDS of South Africa is proposing to split the shares of five South African subsidiaries later this

year to improve marketing prospects, according to a statement issued in New York by Consolidated Gold Fields.

which owns a small percent-age of the company.

Analysts in New York said the move was probably a part of a continuing restructuring of South African activities.

Cons Gold said share-holders will be asked to vote on the plans at their respective annual meetings.

Linder the plan:

Under the plan:

Issued shares of Doornfontein Gold Mining would
increase to 40m from 10m
while authorised shares would

Analysts in New York said

Investments lift Kirin result Gold Fields to split shares in five offshoots

in interim pre-tax profits to Y46.86bn (\$34.36m), thanks to bigger profits from Zaitech, the controversial investment of surplus funds in financial

The risks involved in Zaitech were highlighted last month when Tateho Chemical Indus-tries, a speciality chemicals maker, was forced to turn to its bankers for a financial rescue after it suffered heavy losses trading stocks and bonds.

KIRIN BREWERY, Japan's Kirin's results emphasise the biggest beer maker, has produced a 7.6 per cent increase many companes. The brewer's

pharmaceuticals, into which the

Kirin's results emphasise the importance of Zaitech profits to many companea. The brewer's operating profits rose just 0.7 per cent, a fraction of the increase in the pre-tax figure.

Kirin is suffering from fierce competition in the bear market, where its sales rose only 4.2 per cent in the six months to the end of July, compared with an overall increase in the market of 9 per cent.

Kirin's results emphasise the importance of Zaitech profits of Microard is diversifying. Anticipating further intense company is diversifying. Anticipating further intense competition in the second half, which forecast modest profit and sales increases for the year. For the first half, sales were 4686bn, against Y651bn, net profit was Y16.9bn against Y15.8bn and the dividend was unchanged at Y3.75. For the full year, the company forecast sales of Y1.270bn compared with Y1,222bn, pre-tax profits of Y81bn, up from Y79.3bn and a dividend of Y7.5 against Y9.

Commodity dealer moves ahead

Malaysian commodity and plantations concern, said pre-tax profit for the first six months of the year climbed 61.1 per cent to 13.5m ringgit (\$2.52m) from 8.4m ringgit in the same period of 1986, AP-DJ reports from

The company said operating profits in the period surged to 8.9m ringgit from 598,000

year, but investment income dipped 42.2 per cent to 4.5m ringgit from 7.8m ringgit. With little change in taxes and no extraordinary items of any significance, attributable profits were 9m ringgit, up 95.6 per cent from 4.6m ringgit in the

1986 period. The company attributed the profit during the period.

HIGHLANDS AND Lowlands, ringgit in the previous half improved earnings picture to higher prices obtained for all its commodities with the exception of cocoa.

The company also said increased production in the second half will be counter-balanced by lower investment income, but nevertheless predicted a further improvement in

Brierley Investments in cement deal

(BIL) of New Zealand has bought the Richwhite family interests in cement, transport and concrete for an undisclosed sum, Renter reports from Wellington:

Mr Paul Collins, BIL chief David Lloyd interest in Auck-executive and Mr Ken Bowell, land concrete operator United

BRIERLEY INVESTMENTS managing director of the Richwhites David Lloyd Group, said that the Commence Commission had approved the sale. The statement said the sale

followed the recent disposal to W. Stevenson and Sons of the

Concrete and completes the Richwhites' planned divestment from the concrete sector. The David Lloyd group has retained its coal industry interests. Brierley's fully-owned sub-

while authorised shares would rise to 45m from 10.5m.

Issued shares of Driefontein Consolidated would rise to 204m from 162m and authorised shares would increase to 226m from 116m.

Issued shares of Libanon Gold Mining would rise from 8m to 46m and authorised shares to 45m from 8m.

Issued Harrs of New Wits would rise to 23.1m from 11.6m and authorised shares to 45m from 11.6m and authorised shares to 30m from 12m. to 30m from 12m. • Issued shares of Venterspost Gold Mining would rise to 20.2m from 5.1m and authorised shares to 25m

from 5.1m.
The changes would result in an increase in capital for each subsidiary except Drie-fontein where there would be ne change. Gold Fleids listed various dates in November and December for listing shares and annual meetings. sidiary Winstone recently took full control of former listed company Golden Bay Cement.



COMPAGNIE FINANCIERE DE SUEZ **BANQUE INDOSUEZ** FRENCH BANK OF SOUTHERN AFRICA LIMITED

NOTICE TO FORMER PERSONNEL

The Government of the Republic of France have announced the intended privatisation of Compagnie Financiere de Suez, to take place at the beginning of October 1987.

Under the terms of the offer for sale, previous employees of members of the Group with a cumulative service of 5 years or more are entitled to certain preferential terms which include a discount on the issue price.

If you have previously served a total of 5 years with Banque Indosuez, French Bank of South Africa or any other member of the Group mentioned below and wish to obtain further information, please contact:

Mz David Grove, Manager, Human Resources, Banque Indosuez, 52-62 ilishopsgate, LONDON FC2N 4AR Telephone 01-638 3600

CAMPAGNIE UNIVERSELLE DU CANAL MARITIME DE SUEZ (Suez Canal Company) SUEZ FINANCE COMPANY (U.K.) LIMITED BRITISH & CONTINENTAL BANKING COMPANY LIMITED BANQUE DE SUEZ (U.K.) LIMITED CREDIT FONCIER D'ALGERIE ET DE TUNISIE SOCIETE CENTRALE DE BANQUE BANQUE DE L'INDOCHINE BANQUE DE L'INDOCHINE ET DE SUEZ. INDOSUEZ BANQUE TRAINING CENTRE LIMITED WL CARR LIMITED



U.S.\$500,000,000 Undated Floeting Rate Primary Capital Notes

Notice is hereby given that the Rate of Interest has been fixed at 8-375% p.a. and that the interest payable on the relevant interest. Payment Date, March 18, 1988 against Coupon No.5 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$423-40.

September 18, 1987, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO



The Hammerson Property Investment and Development Corporation plc

Received debt ratings of

P1 (Short Term)

and

A1 (Long Term)

from Moody's Investors Service

Morgan Guaranty, subsidiary of

J. P. Morgan & Co., acted as financial advisor to

The Hammerson Property Investment

and Development Corporation plc

during the rating process

JPMorgan



Prudential Corporation plc

Received a

long-term debt rating

AAA

from Standard & Poor's Corporation

Morgan Guaranty, subsidiary of

J. P. Morgan & Co., acted as financial advisor to

Prudential Corporation plc

during the rating process

JPMorgan

opens floor

for evening

THE PHILADELPHIA Stock

Exchange joined the rush among US futures and options

exchanges to capture Far Eastern business when it

opened its floor for an evening trading session on Wednesday.

The exchange is trading three of its highly successful foreign currency options contracts and accompanying three in a 7 nm in 11 nm.

futures in a 7 pm to 11 pm session. Volume on the Australian dollar, yen and D-Mark contracts reached some 2,500

lots in Wednesday's opening session in what Mr Nicholas Giordano, president of the exchange, described as a good

"I'm consident that it's the right idea," he said, "though it may be a year or two early." Mr Giordano looked forward to the day when the floor in Philadelphia would be open round the clock. After trying to forge a link with the London Stock Penhang for a control to the contr

to forge a link with the London Stock Exchange for over two years, he had all but given up on the idea of using that as a way to extend trading hours. The exchange says it is now considering specific products suited to night trading, such as a New Zealand dollar options.

Next week, the exchange will

begin trading options on a new utility stock index comprising

20 blue-chip power company

trading

Sweden launches \$350m issue as market calms

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

five-year bond into the Eurodollar bond market yesterday. as the US dollar bond market 60 per cent stake.

Showed signs of stability after Brought through Morgan Wednesday's choppy move-

ments.
After deciding not to go ahead with the issue on Wednesday, Credit Suisse First Wednesday, Credit shasse First Boston launched it at 59 basis points over the equivalent US Treasury, giving it a coupon of 93 per cent and a price of 1011.

The bonds, quoted at a discount less than its 17 fees in the count l

the grey market, were said to be fairly priced, although there was some lack of enthusiasm for the issue, much of it born out of the general lacklustre tone of the bond market and the fact that there was no short-age of five-year paper.

Nevertheless, CSFB said the issue, which had been expected

for much of the week, had been syndicated in 50 minutes and the placement was going well.

CSFB said that the Sibn
three year issue the firm
brought for Italy on Monday, priced at 60 basis points over the Treasury, was now out of the primary market and into secondary trading. In the secondary trading. In the absence of CSFB support, the issue was still trading at 57 basis points over the Treasury, indicating the underlying strength of demand. CSFB said it had placed over three-quarters of the issue and there had been no significant under-

dollars was a 875m convertible had fallen.

SWEDEN LAUNCHED a \$350m for Keppel a Singapore-quoted ship repairer in which the Singapore Government has a

Grenfell, the issue carried an indicated coupon of 21 per cent. a 10-year maturity and an indicated conversion premium of 4 to 6 per cent. A convertible brought earlier in the year for

INTERNATIONAL **BONDS**

the company is trading at over a 25 per cent premium. Salomon Brothers brought the latest of its sterling mort-gage-backed securities deals, in the name of TMC Mertgage Securities No 3. With a final maturity of 2015 and a nex-pected average life of five to seven years, the issue carries an initial spread over the London inter bank offered rate of 2 point, rising to 2 point on the 10th anniversary.

A convertible for A. L. Williams of the US was increased to \$70m from \$80m, the coupon fixed at 4.5 per cent and the conversion premium set at 2 per cent, agent broker Nivison Cantrade said.

Traders said some of Wednesday's issues in New Zealand dollars had fared rather better yesterday, although the general level of demand from retail investors for such currencies

Morgan Guaranty launched a C\$75m five-year issue for the City of Vienna, carrying a fiveyear maturity, a coup of 11; per cent and a price of 1011. The issue was priced at 50 hasis points over the equivalent Canadian Treasury bond and the lead manager's indication meant it was within fees.

In West Germany bond prices firmed about 11 point in thin trading. A DM 20n ten-year bond was announced by the Federal Post Office, priced at 99½ with a 6½ per cent coupon to yield 6.82 per cent, and was well received as the terms were slightly more generous than ex-pected. It was bid 80 basis points below issue price.

In Switzerland, foreign bond prices were mostly unchanged.
Japan Finances Corporation's
SFr 160m 14-year 5 per cent
issue ended its second day's
trading at 97, 22 points below
issue price — a better performance than some recent issues.

Group Andre Perry, a Canadian audio and visual recording concern, made a convertible issue of up to SFr 25m led by Banque Indosuez. The coupon for the eight-year issue has been set at 5½ per cent and the conversion premium was indicated at 10 per cent. The issue was well received, bid 1½ points above issue price in the gray market. Group Andre Perry, a Cana-

Manhattan (Suisse) is today expected to disclose details of a SFr 50m five-year issue for Denmark, disclose carrying currency warrants.

echange to go ahead with a night trading session is the Chicago Board of Trade, Simex considers options for yen

SINGAPORE SINCAPORE INTERIVA-TIONAL Monetary Exchange (Simer) is likely to introduce D-Mark and yen currency options next month, while options may be introduced in November, Menter reports from

become world's third

currency'

on a basket of EC currencies, and is already which used to denominate Eurobonds and international credits, as well as he central bank reserves.

tional loss of confidence in the dollar because of the de-terioration of the US economy, the net external liabilities which he said would pass the

He called for a change from he present dollar standard or the international mone-

ewn right.
Camplete deregulation of its use by EC residents would promote its use in advance of the eventual day, somewhere in the future, when the EC realises its goal of multying

all its currencies.

Turning the EMCF into a lender of last resort, which would advance Ecu-denominated loans to all the participating countries, is considerably more daring than anything the EC bank governors are currently considering, although fur Jacques Delore, the president of the Delors, the president of the European Commission, is con-

for sterling to be brought into the exchange rate mechanism of the European Manetary

System.

"As long as the pound remains subside the exchange rate mechanism and is allowed the Evo. the to first against the Ecu, the greatest merit of the currency

Philadelphia | Richard Waters on a world-wide headache for the revenue authorities

A taxing problem for global trading

global securities trading is have achieved general stretching the imaginative acceptance. But financial transcriptions and of financial institutions and products. The attribution of their advisers. It is also fast becoming one of the biggest problems for revenue authori-ties in every leading financial

entre. Until now, it has been rela-Until now, it has been relatively easy to pin down profits earned by banks in particular jurisdictions—and to identify where they have made taxallowable losses. The occasional official crackdown—such as that under way in London, where the Inland Revenue is challenging whether the believes are foreign. ing what it believes are foreign banks' attempts to load bad debts onto their British sub-sidiaries—has done little to upon this calm.

That is likely to change. problem arises with securities that are bought in one financial that are bought in one manufact centre and sold in another. For instance, a parcel of shares hought in London during the day may be sold in Tutro the same night. Yet the whole of the profit on the transaction cannot be attributed to either

It is a familiar transfer It is a familiar transfer pricing problem, given a new twist by the global nature of the securities business and the speed with which deals are done. Last year's deregulation in London has hastened the need for a solution, say the

experts.

Mr Roger White, a London partner with KMG, the accounting firm, says: "If you're dealing in tangible products, you can normally fix the price when they cross borders. "Pricing procedures have

York and a gain in Tokya, but no overall net gain or loss? The UK parent of such a group would end up with a strange tax Global trading is still more a

imaginative acceptance. But financial transproducts. The attribution of profit becomes much more diff-

> because most banks, unlike manufacturing companies, work through branch networks rather than separate national com-panies. Subsidiaries, which

An added difficulty arises room's authority to deal in the portfolio of an overseas assonantiacturing companies, work ciate is a key issue. If the authority is restrictive, it can justifiably claim to be acting as justifiably claim to be acting as a broker, and take commissions need to draw up separate on transactions it carries out

What happens if the book arrives with a loss in New York and a gain in Tokyo but no overall gain or loss? The parent would end up with a strange tax charge?

accounts for their operations, would already have tackled many of the questions when reporting national profit. Allowing it a free hand over the portfolio, however, suggests that it should share in the profits - potentially under-mining any commission arrange-The arrival of true global trading — with a bank's entire portfolio moving from one finment in the eyes of the tax authorities. ancial centre to the next in an endless circle — could introduce the greatest complexities.

A tax expert with a UK bank said: "Someons who went the

Swaps pose a similar prob-lem. Most swaps are recorded in the books of the parent bank, no matter where the deal was conceived. This is because the parent usually has the greatest capital resources with which to back the deal. Yet the brain power that has some into the deal may have

arisen anywhere around the world. The "added value" that has given rise to the profit may have been produced far from where the deal was officially

these circumstances, the profits arising on a deal need to

THE TAXATION of profits on grown up over the years, and subject of hype than actual pracglobal securities trading is have achieved general tice. But most banks already regions that contributed to it,
stretching the imaginative acceptance. But financial transhave arrangements for dealing But a bank's assessment on the around the clock, and so have value of brain power exerted begun to grapple with the tax in, say, New York on a deal issue. the same as that of the US Internal Revenue Service or the Japanese Ministry of

Internal methods of assessing the profits of each unit go some way to solving these problems. Dealers and others want their efforts to be recognised. Their bonuses may provide one pointer to the profits of each national unit.

Unfortunately it is not so simple. A dealer in one country who raises the finance to meet a loan made in another may make a profit on his part of the operation. Yet this is not directly related to the final overall profit to the bank of the series of transactions.

It has all the ingredients of a classic tax confrontation—financial institutions, claiming flect commercial reality, while having more than a little inest in incurring profits where it burts least, versus local revenue authorities, anxious to maximise their own tax take; and overseas tax authorities. equally anxious to make sure they are not losing out.

The tex authorities of the largest financial centres have yet to get together to discuss the problems. When they do, the political machinations could be intense; after all, the authorities are in competition with each other to tax the same

is for W

Japan to ease issuing rules

THE JAPANESE Ministry of power companies next month, Finance has decided to allow an MoF official said. The power using a "proposal system" to choose among underwriting companies that submit competi-tive bids, our Financial Staff

The new system is intended to allow borrowers to time bond issues to take advantage of market conditions and to re-move some the rigidities which have stunted the domestic bond market in recent years, driving Japanese corporate borrowers to the Euromarkets,

Such permission will be extended to Japan's nine electric

NEW ISSUE EUROPEAN TRANCHE

Banca del Gottardo

Banque Paribas Capital Markets Limited

Fuji International Finance Limited

Kleinwort Benson Limited

Merrill Lynch Capital Markets

Morgan Stanley International

Sanwa International Limited

Universal (U.K.) Limited

Sumitomo Finance International

New Japan Securities Europe Limited

Norinchukin International Limited

they are large and creditworthy borrowers.

Tokyo Electric Power said yesterday that it hopes to issue bonds under the new system in the near future, though the size and timing of the issues will depend on market condi-

tions.
Under the new system, borrowers will ask securities underwriters to submit detailed bids outlining the coupon level and selling price for a corporate bond issue, and will then select the most favourable proposal. In the past, the "big four"

Japanese securities companies— Nomura, Daiwa, Nikko and Yamaichi—have taken turns as underwriters of corporate bond issues, while the issuing condi-tions have been decided in nego-tiations between the lead underwriter and the commission bank Moreover, corporate bonds could only be issued on two days a month, usually around the 15th and 30th.

In 1986, Japanese industrial companies raised only Y495hn in the domestic bond market, with abroad, according to the Bond Underwriters' Association of

This announcement appears us a matter of record only

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Yamatane Securities (Europe) Limited

National Securities of Japan (Europe) Limited

BNP Capital Markets Limited

IBJ International Limited

KOKUSAI Europe Limited

Sanyo International Limited

Swiss Volksbank

and D-Mark

Singapore.
Simex will introduce its first options contract, for Eurodollars, on September 25. The contracts will be traded initially without a mutual offset system, though Simex is discussing ways of installing one with the Chicago Mercantile Exchange.

Ecu 'should

THE EUROPEAN CUITERTY unit (Ecn) should become the third currency in the inter-national monetary system, alongside the dollar and the yen, according to a leading Japanese banker.

To that end it must be developed and strengthened by the member states of the European Community, Mr. Yusuke Kashiwagi, chaizman of the Bank of Tokyo, teld members of the European

He called for action by EC

Mr Kashiwagi said the Ecu was preferable to the D-Mark as the third element in this as the turn element in this system because, as a basket of currencles, it offered greater stability and because West Germany did not seem eager to see the D-Mark developints a global key currency.

He stid there should be no problem for EC member states in recognising the Ecu as an efficially accepted foreign currency, because it is already in effect a Eurocurrency in its

vinced the move must even-tually be made. Finally, Mr Kashiwagi called

Montedison to raise \$800m

chemicals concern, is raising \$800m in short-term finance to help fund the \$1.50m share purchase which will give it control of Himont, the US polypropylene manufacture.

said: "Someone who went the pure global route could conceivably have some real problems. Has the bank purchased the global book at the market value at the time it bought it? "And what happens if the book arrives with a loss in New York."

The revolving credit, being arranged by Citicorp Investment Bank, carries a margin of

MONTEDISON, the Italian fee of 1 per cent. Its initial financial services group, chemicals concern, is raising maturity is 12 months, but it is 5800m in short-term finance to extendible to 18 months.

The facility includes an option for uncommitted short-help fund the \$1.50n share purtage. It is expected that about haif of the loan will be drawn, while the rest of the funds will initially be raised through exist-ing bank lines and cash. Swiss Bank Corporation International is also arranging a \$400m revolving credit over three years for Primerics, US

term advances but the com-mitted portion of the credit carries a margin over Libor of 25 basis points and a utilisation fee of five basis points if more than half drawn. There is a commitment fee of 10 basis points on undrawn

FT INTERNATIONAL BOND SERVICE

Poor showing in **US** hits Reckitt & Colman profit

A flat performance from the US held back the advance in first half profits at Reckitt & Celman, the international food, drugs and toiletries group. At 274.55m, pre-tax profits fell short of brokers' expectations. and the shares slopped 27p to close at 1085p.

Matters were complicated by the company's acquisition of its minority interest in Reckitt & Compan Australia. This had the

ect of depressing processing proc before the end of the year-but that it was too early to judge the commercial significance of the product.
In North America, profits declared from £9.3m to £8.8m,

on turnover ahead by £70m to £205.9m. Profits would have been £3.£3m higher but for adverse currency movements.

Sir Michael Colman, the chairman of the company, said that performance in the US was depressed by the cost of inte-grating Durkee Famous Foods into its existing businesses. Reckitt bought Durkee last year from Hanson Trust for \$120m (£73m).

The rate of growth here was dampened by the inclusion in dampened by the inclusion in last year's turnover of what Sir Michael estimated to be £10m from Gale's preserves, subsequently sold.

AIC makes 190p per share

offer for Wills Group

00m

in The Park

d to course in

f five bost print

in' inw

edan maket

Australian Investors Corperation (AIC) yesterday issued a 190p-per-share general offer for the Wills Group, the financial services and import company, after raising its stake in the company to 21.8 per cent with a purchase of 1.1m shares from Mr R. L. Marsh, the Wills chair-

Mr R. L. Marsh, the Wills chairman. AlC previously held a 9.6 per cent stake.

Mr John Huckle, Wills finance director, said the share deal would allow for a closer co-operation between Wills' Australian financial services operation and Clayton Roberd, the Australian financial services group which owns 31.6 per cent group which owns 31.6 per cent of AIC. AIC is a listed Aus-tralism investment company. Clayton Robard is a sub-

UK financial services group:

"The potential for the development of our Australian business is fantastic," said Mr Marsh will yield his position as chairman of the group to Mr

had been

for diversification would now

Wills shares shot up from 186p to 213p yesterday following the announcement, and Mr. Huckle was uncertain about Christopher Spence, chairman of Tyndall Holdings, indicates the offer was in part a form-slity, although AIC was happy to acquire more shares.

The general offer was re quested by the Wills board, after consultation with the Takeover Panel, and directors holding 2.7 per cent of the shares do not intend to take up the offer. Mr Huckle said, howof AIC. ARC is a listed Ails-tralian investment company.

Clayton Robard is a sub-sidiary of Tyndall Holdings, the UK financial services group:

may wish to realise their in-

DIAIDE	4DS	AIMIT			
Abaco Invests		Nov 9	0.15		0.2
APV Baker int	8 .		7	-	19
William Bairdint	4.95	Jan 6	4.26	·— .	11.1
Brown Beveri Kent int	1.5	Jan-4 .	1.25	.—	3.5
Clarke Nickellsint	1.1	Nov 16	1.05	-	3.15*
Corah	1.6	Nov 16	1.6	•	4
Computer Peopleint.	1.2	Oct 30			
Descutter Bresint		Oct 28	2.5	.—	7.7
Garton Engineering int	1.25	Dec 1	1 '	- ·	4
Guinness	- 8	Nov 2	2.24	-	18.16
Laporteint		-	3.8	-	10.25
Manders (Hidgs)int	3.2	Nov 10	2.8	_	10
Molinsint	2.5	Nov 26	2.2	. —	8.7
Perry Groupint	2	-	1.65		8
Reckitt & Colman int	7.8	Jan 7	6.75	Ξ	18.5
RTZ	8	Nov 9	7	-	23.5
Sutherlandint	10.33		1.46	-	3.33
Tor Invest	11.88	Nov 5	10.3	17.48	15.2
Wolstenholme Rink int	4	Nov 12	2.75	_	9
Westpool	1.85	Nov 18	2.75 1.26	1,7	1.6
	-5.00		0 5	4 5	A .

DIVINENDS ANNOUNCED

The Charities Deposit Fund

stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. † USM stock. † Unquoted stock. † Third market. | Apportioned to 12 months (from 15-month period).

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Buckley's accepts duo's new erms

reduced its stake in Olives Paper Mill below the 5 per cent level with the disposal of a 6.6 per cent 500,006share stake in the company at a price close to £2 per share. has been disclosed for recent years." acceptances, but Mr Cramer foreseen.
suggested that their total control was "fairly close" to the systems, compay headed by Mr Nathu Purl, last week failed in efforts to defeat a capital

injection proposal for Olives by Mr Michael Kent, who now owns a majority stake in Olives and has become its Redland joint venture in plasteroard deal

Quarto purchases

hanging the market,

Mr Puri said it was not in the interests of Olives to have a large block of warran over-

Melton cuts

Paper Mill

stake in

Olives

Quarto, the USM quoted book packager, is to spend £1.5m on two specialist magazines. These are "Construction Industry International" and "International Mining," which made pre-tax profits of £305,800 on turn-

The duo have agreed to raise their terms from 185p to 192p —their second increase—and yesterday Mr Cramer said that they hoped the offer could go unconditional next week. At present, they own 31.5 per cent of Buckley's shares; no figure

materials group, and CSR, the Australian building materials,

sugar and resources group, have wasted no time in making their

first foray into the growing European plasterboard market.

a privately-owned Norwegian plasterboard manufacteurer.

The British and Australian

group are poised to acquire a board a year in Norway and 44.9 per cent stake in Norgips northern Holland, says the joint

venture.

mr Cramer confirmed yester-day that the duo intend to maintain production fachities in Llanelli, and that the brewery will "remain open in the foreseeable future and, in any event, for at least three years." No redundancies are After assessing Buckley's

to hit the acquisition trail and is also anxious to introduce a lager line. Earlier Mr Cramer day that there had been pres-

Redland, the British building formed a joint venture to attack since 1975. Plasterboard

plasterboard manufacteurer.

Sales of plasterboard in Brimercial developments Redland and CSR, which only tain have risen by more than a acoustic and fire resist last week announced they had fifth to 136m square metres perties make it

Norgips will shortly have the

capacity to manufacture up to 50m square metres of plaster-

James Ferguson—as a non-executive. Sir Alun Talfun Davies, a barrister and former vice-chairman of HTV, will become non-executive chairman, and Mr Colin Thomas remains managing director. Three other board directors will step down—including Mr Jasper Clutter-buck, a non-executive Whitbread

It is a light, durable ma

easy to work, with good ise

and heat insulation prolies

ternal walls of homes in ain.

It is increasingly found com-mercial developments to its

e repaid.

Buckley's Brewery, the small since entrepreneur, Mr Nazmu bad suggested a £10m prosure from stitutional share whelsh brewer, has finally given up its fight for independence and is recommending an increased £29.2m bid from the former stockbroker, Mr Tony two James Ferguson directors, Mr Peter Clowes and Mr Guy

The duo have agreed to raise

The duo have agreed to raise

Mr Cramer confirmed yester
Mr Cramer gramme of acquisitions and holders recommend. The investment over two years; change due to duo's assurances on the bound seat, he sold his 27.5 per cent stake to the Cramer/

Mr Cramer will join the board amountey were offering. It amountey were offe

PE of Transcrease in the offer is beinnanced by a larger loan fro Singer and Priedlander, ho's advisers. About £7m being borrowed, but they d to place back acceptances 75 per cent in order to n the listing, enabling this

esterday, shares in Buckley's red beyond the offer price to sp, with almost im traded.

internal walls and also for shaft

BPB Industres, a British company, is the largest manu-facturer of pasterboard in Europe holdings virtual mono-

poly over the Pitish market.

Redland and CSR plans to

plasterboard plats by 1990. The plants wil cost : combined £50m

to £60m. The jint venture says it wants to opture about 30

per cent of theBritish market.

walls and lift vids.

Compagnie du Midi's bid in rilish cludes an offer of 8.5 per cenion to loan notes as an alternative ties in cash. Equity and Law's sharf proprice

Mr Pagezy said that if the for takeover was successful the makes combined group "would haveh as the financial strength and man, comagement skills to become ecialist formidable competitor in the reninsurance markets of the Europy pean Community."

BUILDING OUR STRENGTH ON ALTHUR REGUL FOOD

the European plasterboard mar-ket, will use Norgrips initially tern Europe are forecast to

to import plasterboard into to 600m square metres by



single-mindedly on growth opportunities in food. £71m has been raised from sales of

ses that do not fit the strategic plan, and £85m spent on acquiring new companies, principally in high value-added food products.

Of these, Golden Wonder gives us a major stake in one of the fastest-growing sectors in the U.K. food market, crisps and snacks, and through the Dutch company, a bridgehead into the European

Overall, Golden Wonder has contributed more than £8m trading profit for its nine months in Dalgety.

At the same tin, progress has been very letisfactory within existit businesses, large and small. Spillers, for insince, has exceeded

expectations in the fast-spanding petfoods market, increasing the combined clume sales of two key strategic brands, Winslorrime and Kattomeat, by

in all, Dalgaty's pod operations accounted for 47% of turnover and 4% of profit in 1987.

They now range om food ingredients and food manufacture in Europe and the United States, to fast-food distribution in Neth and South America, though this increasing fous 'on the housewife' has

not meant losing touch with ingest-standing business partner, the farmer

in agribusiness, tracofit is up 12% to £30.8m, compared to £27.61 year. Concluding his revieue year, Chief

Executive Terry Pryce commer "We are fit and lean arity to move forward along our chosen route. The pits for Dalgety ere very good."-

For a full copy of our fand Accounts, to be published next month, plerite to Shareholder Relations, Dalgety & Hanover Square, London, W1R 9DA.

DALGETY

BUILDING OUR STRENGTHON ALL THE RIGHT FOO

Compagnie du Midi's offer for **Equity** Compagnie du Midi, the Frenchding

insurance and industrial holdrang-ing company, published yesterricals day the 24-page formal offer buy

document for its 400p per shareal, a cash bid for Equity and Law. of the British life assurance grouporing Mr Bernard Pagezy, Comto be pagnie du Midi's presidentacing. paguie du Midi's presidenticing-said the offer was "generous" fur-and he found it "difficult to acahich cept that a price of 400p doe: DMI not fully value "Equity and comi-

The offer, which has a firs spent closing date of October 8, value?. as the British company at £403mions. Equity and Law rejected the will bid last Friday. There is also creatariet offer for Equity and Law from proximit Ron Brierley, the New Zea land financier.

night at 419p.

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inness rise to £151m at midway

the international analysts said that forecasts; announced pref f151m for the 187 compared with same period last isa Wood.

ii, the group ii, the forecast group ii, the forecast group ii, the forecast group ii, the forecast group iii, the forecast group iii, the forecast group iii for the forecast group ii fo

il. the group illers, the Scotch Guinness board of 2p final Earnings per sharkcreased by 13 per cent fron 9p for the comparative have been £142m. Met debt as a percage of the results were City forecasts, nged from £150m per cent at June 30.

will be paid, with arecast by potential.

Turnover for the half year was £1.3bm (£1bn). If the Distillers company were included for the whole period, or the spirits profit at £145m the spirits profit at £145m the spirits profit at £145m (£122m) showed an increase of City forecasts, nged from £150m per cent at June 30.

Margins

Turnover for the half year was £1.3bm (£1bn). If the creased worldwide spend on brand marketing. Total global charged.

Guinness board of 2p final Turnover for the half year was £1.3bm (£12bm). If the creased worldwide spend on brand marketing. Total global charged.

Guinness board of 2p final Turnover for the half year has also seen increased worldwide spend on brand marketing. Total global charged was £1.3bm (£12bm). If the creased worldwide spend on brand marketing. Total global charged was £1.3bm (£12bm) was £1.3bm. (£12bm) was £1.3bm. (£12bm) was £1.3bm. Margins were largely uncharged.

Guinness board of 2p final Turnover for the half year was £1.3bm. (£12bm) was £1.3bm. (£12bm) was £1.3bm. Margins w

have seen greater progress in profit performance but the group had yet to realise its full potential.

Turnover for the half year was £1.3bn (£1bn). If the Distillers company were included for the whole period, the spirits profit at £145m production-cost rationalisation.

Brewing profit fell from £36m to £29m, benefiting from low product advertising in a period of high corporate spend.

This year has also seen increased worldwide spend on brand marketing. Total global cluded for the whole period, the spirits profit at £145m changed.

ood on the motives behrl Guinness' £293m deal with Schenley

aking up the reas in the US market

US distributor,

nness since last the financial perdifficult for the last year—given took over Distilpr Scotch whisky April 1986—the and the same of th formerly chair-national Distillers

one of the world's I wine and spirits as in his brief oness set a heady opment at a busibeen fashioned Saunders. Mr former chief dismissed after of a Department ulry into alleged by Guinness dur-ser of Distillers. lank of Mr Tencore drinks, actinclude spirits and one month after

yesterday was fust six hours be the drinks group, London a set of igures for the six ne 30 it struck a n) deal in New e Schenley Industry US distributor, Tust distributor, and Dewr's White Laber Gin and Dewr's White Labe whisky, gives Guinnes a more financial results, or coup for Mr brands in a kel market.

Schenley. Schenley, whed by Mr Meshulam Rillis, the flam-boyant US businessman, is expected to repor sales in excess of \$500m and rofits before in-terest and tax of about \$65m

in the year ening January 31 In the US Ginness already owns Somerset another size-able distribution company which in June ormed a joint venture with Spiefflin, a sub-sidiary of Fresh cognac and champagne disributor Moet-Honessy. Gniness brands dis-

As to whether chenley itself could become holved in a joint enterprise with another drinks compan so further rationalising cos Mr Tennant said: "This willot mark the end of the ratio!sation of the hydrass in walk. There is

JohrLewis

Department stores and Waitros supermarkets

Consolid#d unaudited results

Sales (inch9 VAT)

Pensioned Contribution

Surplus lable for preference

and, arm, is double the level of three years ago.

dividencrofit sharing and, subject xation, for retentions

Trading Pr

Sales profit

01-434 Ext 6221.

for the harear ended 1 August 1987

Partiership pla



cutive of Guinness McNaton Canadian whisky. Mr lant said a number of champagne distinutor most. Her Tant said a number of the continued by the new venture include Johnni Walker Red included by the continue of th

include Johnnii Walker Red and Black Labe whiskies.

Schenley at SchiefflinSomerset will a run separate sately. Mr Tennet said: "It is own his back. For the deal sensible to have two separate selling operation because of selling operation because of the number of lands involved, the structure we enable sales trademan the US. Dewar's formerly, ned by Distillers, is the leng Scotch brand in the US. Mr Rikbought more than

five per Cof Guinness shares before its over of Distillers, without dring his stake. The full letitle to Distillers' Dewar's W. Label whisky were subsently transferred to him.

nimess, Mr Tenuncing the intenthe majority of
the majority of concentrating
ent and financial
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our mainstream
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of the strategy
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1987

798.2

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2.4

Sales wincouragingly ahead of the original estimates and of nationaretail

compas in both the department store (+13%) and Waitrose (+11%) disions, with a

Allocabetween retentions and profit sharing is determined when thresults for the

full ye known. Preference dividends for the half year were £109,00((£119,000).

For fr details of the results and/or the John Lewis Partnership pleas telephone

useful libution from new branches. Half year profit before tax increased by 17%

£m

1986:

£m.

7123

45.8

1.6

6.2

38.0

% change

iect of the Department of Trade inquiry.

The acquisition of Schenley thus achieves a dual purpos without an apparent payment by Guinness of a premium for the Dewar's trademark. City the Dewar's trademark. City analysts had forecast that a purchase of Schenley could cost Guinness up to £500m. Guinness said very carefully in its statement on the acquisition that it was advised by Morgan Stanley "who have confirmed that the transaction is fair to the stockholders of Guinness from a financial point of view." from a financial point of view." Mr Tennant said: "Other

Mr Tennant said: "Other parties were interested in acquiring Schenley at prices beyond what we would have paid but the dispute was a bar to them." Any sale to a competitor of Guinness could have had very adverse effects on Guinness's distribution in the

Mr Rikis still owns some 30m shares, a fact that has not assisted the recovery of Guinness's share price.

The Schenley acquisition will not cause any dilution in Guinness earnings and will enhance profits from the first full year. Nevertheless there are still several obstacles to be overcome. Although the Schenley acquisition was well received in the City there still remains a deep scepticism over Guinness. Analysis are also wary of putting the stock back on a premium rating. One said: "Some investors do not wish to get involved until Mr Tennaut."

to get involved until Mr Tennant has delivered the goods." Nevertheless, there is some feeling that Mr Tennant, who has a lass glossy way of approaching the City than his predecessor, is

Sotheby's flotation likely this autumn

By Clay Harris

Sotheby's Holdings, privately-owned parent of the Londonbased auction house, may make a public share offering this autumn. The US company disclosed the possibility in a filing with the Securities and Exchange Commission in connection with a planned share option scheme for

Sotheby's said yesterday that under any fiotation, Mr Alfred Taubman—who led the takeover of Sotheby's in 1983 and owns 60 per cent of the company—would retain voting control.

The share option scheme would apply to more than 300 staff members worldwide. Mr Michael Ainslie, president, said it was intended to reward employees for their performance and encourage them to remain at Sotheby's over the long-term.

A public offer could also relieve pressure from some of Mr Tanbman's minority part-ners who have yet to realise any return on their invest-

Share sales in Storehouse

By Nildd Talt Despite the silence from

Mountleigh, the aggressive property company headed by Mr Tony Clegg, over the Storehouse situation, a num-ber of institutional investors are cutting their stakes in the

retail group.
Yesterday, Baring Investment Management, Schroders
Investment Management and
Scottish Widows, all disclosed
small share sales—reducing
their holdings to 0.95 per
cent, 3 per cent and 1.76 per
cent respectively.
Mountieigh announced

mountieigh announced that it was considering a bid for Storehouse, the large retailing chain headed by Sir Terence Couran, in August. Since then, there have been no further developments and storehouse shares dropped sharply on Tuesday. Mr Clegg, however, indicated earlier this week that nothing was yet decided and he expected an amountement in Sime managed investment trust, expected an announ is to change its investment

B&C own share buy

the next week to 10 days.

The purchase by British & Commonwealth Heldings of 90m of its shares from Caledonia Investments. donia investments was approved by ordinary share-holders of both companies yesterday.

The separate meeting or B&C convertible loan stock holders was adjourned until October 2 because of the lack of a quorum. B&C said the expected effective date of October 18 was not affected.

Pergamon

Pergamon Holdings, Mr Robert Maxwell's master com-pany, has increased its stake in Henry Ansbacher, the merchant bank, from just under 5 per cent to 9.17 per

Mr Maxwell is a major client of Ansbacher which said it welcomed his increased

B. Matthews

On Tuesday, shares in Bernard Matthews fell 18p to 132p, not to 155p as reported in the comment in Wednesday's FT. At 132p, the shares were on a prospec-tive p/e of approximately 174, assuming the company dupli-cates its 1986 profits in the

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RTZ beats expectations as earnings rise 21%

BY MIKE SMITH

Rio Tinto-Zinc, mining, energy and industrial group, yesterday exceeded market expectations when it reported first half attributable profits of £112.5m, a 21 per cent advance on the a 21 per cent advance on the 1983m of 1986.

The industrial sector, helped in particular by speciality minerals in the US, increased earnings by 30 per cent to £101m but energy was static at £19m and metals earnings leclined £2m to £37m. Sir Alistair Frame, chairman, said that the full effect of recent metal price rises still had

In addition the second half would benefit from increased iron ore shipments by iron ore simplents by Hamersley, a subsidiary of RTZ's associate company CRA. Hamersley had lost market share in the first half and this for the was the main reason for the decline in metal profits.

A programme of 1,000 redundancies had been put in train

at Hamersley. Market share, which had been lost to South Africans, was being regained.

Sir Alistair said the

were continuing to acquire ings were halved. attractive businesses. Substan-

industrial The industrial sector's advance means that it contributed 65 per cent of the group's attributable profits, up from 57 per cent last year. Metals provided 24 per cent, a five percentage point decline, and energy 11 per cent (14 per cent).

RTZ's industrial interests progressed in all major activi-ties. Among the highlights was RTZ Borax, which substantially increased exports and showed earnings growth of 30 per cent. RTZ Cement performed "satisfactorily" in the UK with increased volumes and cost reductions compensating for discounting following the abandonment of the prices

Chemicals and Pillar companies the rand and Hamersley's earn-In energy, RTZ Oil and Gas production declined as did that of LASMO. Profits from Ans. tralian coal exports fell.

For the six months to June 39 RTZ Group earnings per share were 36.23p (30.07p). interim dividend was lifted from 7p to 8p.

Group pre-tax profits of £254.5m (£229.9m) were achieved on turnover of £2.17bn (£2.03bn) of which the related companies share was £422.4m (£513.9m).

The net attributable profit was reached after tax of £112.1m (£110.5m) and profits attributable to outside shareholders of £22.9m (£26.1m).
RTZ is planning a share split. and consolidation resulting in the issue of five ordinary or accumulating ordinary shares of 10p in place of every two shares of 25p each.

cartel.

In metals, aluminium earnings grew on the strength of higher prices but Palabora from 36 per cent to \$3 per cent.

Perry 42% ahead to £2.6m

over 23 per cent ahead at 5p on \$4.7m pre-tax profits. The company said that since then, July had shown an im-

provement on 1986 and August had been a record month. While it should not be assumed the it should not be assembled the interim percentage increase would be reflected in the full year's results, an acceptable outline was confidently pre-

Negotiations were well in

policy from that of a technology specialist to a more fiexible

policy of venture capital and suitable listed investments,

without restriction as to indus-

trial sector of geographical

Atlantic Assets, in which Independent owns 60 per cent

of the equity shares, stated yesterday that it would not be

liable for tax on the gain of \$16.4m which arose when it made a forward sale in 1985.

STODDARD (HOLDINGS):

Shareholders told at the annu

general meeting that first-quarter results were on plan and well ahead of last year. This encouraging trend had continued. Margins have con-

tinued to improve and results

were still substantially

of last year.

Perry Group. Ford main share grew from 5.9p to 8.7p. dealer, lifted pre-tax profits 42 The interim dividend has been per cent from £1.79m to £2.55m stepped up from 1.65p to 2p in the first half of 1987, on turn-last year's total payment was

At the operating level, profits rose £470,000 to £2.81m, before interest payments of £265,000 (£549,000). The figures included finance

charges of £237,000 (£241,000) under leases, in compliance with SSAP 21.

comment Perry's Ford

hand in respect of further acquisitions to enable the company to achieve its longer term growth objectives.

After tax of \$960,000 earnings per 5p

add four Austin Rover dealer-ships, one Jaguar and one I and Rover to the group is close to completion. Peugeot and Mer-cedes dealerships are also tar-getted, as well as more Volvo outlets. On the used motors side, profits are up 64 per cent. Estate agents, however, have disappointed. New management has been appointed and a decision on whether to expand or sell will probably be taken by year end. With a caution from Richard Allan that yesterday's 42 per cent pre-tax profits increase should not be assumed daelerships. for the full year, shares closed 5p up at 313p. Assuming pre-tax profits for the year of £5m, that puts them on a reasonably valued prospective p/e of just under 15.

Independent Independent, the Ivory and

MOTOR INDUSTRY The Financial Times proposes to publish this survey on

Wednesday, October 21, 1987

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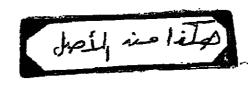
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BARCLAYS de ZOETE WEDI

September 1987



Turnover and operating profit expanded. An added boost came from a substantial reduc-

tion in interest charges, so giving a pre-tax profit of £7.97m (£6.2m)

Group sales totalled £121,47m (£111.18m); on the profit side Baird Textiles improved from £5.4m to £5.87m and Darchem

from £2.03m to £2.95m Invest-

ment income fell to £213,000 (£494,000)

Central administration costs

ACTIONS TAKEN in the latter

(Heldings) to pre-tax profits by 19 per cent to /5.12m for the half year to June 28, 1987. Turnover rose by only 3 per cent to £64.15m.

Mr Erwin Bielinski, the chair-man, said that competition in

remained intense, particularly from US based companies

benefiting from the weaker

in the development, manufac-ture and marketing of high-technology equipment and systems for industrial process

Welstenholme Bink, the Lancashire-based manufacturer of printing materials, increased

The directors said yesterday powders.
that trading across the group While

Balanced portfolio helps

A 28 per cent increase in profit was achieved by William of £18.65m and paid a dividend clear sign that diversification—ing group, in the first half of The directors stated that the agro engine industry—in the directors stated that the agro engine industry—in the continuous to be a continuous to b

the core activities and to expand by appropriate acqui-

had remained under very tight control. New products intro-duced earlier in the year, notably in the area of flow

metering and control systems, were well received. Overall, the

improved financial perform-ance for the full year.

In these circumstances, the interim dividend has been lifted from 1.25p to 1.5p. Last year's total was 3.5p on £9.64m

Net interest charges for the

share were 4.5p (4.4p). The chairman reported yes-

First, the strength of the pound had reduced profit mar-

board was confident of an

comment

BBK advances past £5m

part of 1986 to ensure profit-ning levels had fallen in a ability in the sector of systems number of areas, and overheads and site services businesses, had remained under very tight enabled Brown Boveri Kent control. New products intro-

The company's interests are half year were lower at £744,000 in the development, manufacture and marketing of highechnology equipment and profits were up from £2.92m to systems for industrial process £3.39m. Stated earnings per 25p

Wolstenholme profits up

despite reduced margins

of printing materials, increased pre-tax profits by 16 per cent Wolstenholme Bronze Powders from £1.16m to £1.34m on turn-made the decision to manufacture its own effect gold inks. £15.54m in the first half of This had meant the loss of a major UK customer for bronze

resources were available to formance that has come to continue the organic growth of expected of it, with Dannimac doing particularly well. The

William Baird yesterday laid expensive companies that fit in

company is keen fo rmore acqui-sitions on both sides, but,

terday that BBK was in negotia-tion with Bopp and Reuther of Mannheim, Germany, which if successful, would result in co-operation in the area of water

Last month, BBR's ultimate

holding company, BBC Brown Boveri of Switzerland and ASEA AB of Sweden announced an

agreement to merge their opera-tions. Subject to the merger

being approved a new operat-ing company named ASEA Brown Boveri will be formed

by January 1, 1988 and will take over as the major share-holder of Brown Boveri Kent, holding 34.5 per cent of the

an important step in strength-ening the group by way of access to new markets and in-creased business.

John Carr

joins board

of Cowan

By Philip.Coggan...

Mr John Carr, the man who

built Windsor Securities into a major insurance broking group,

is joining Cowan de Groot as chief executive. A consortium of investors led by Mr Carr and

the Water Authorities Superan-nuation Fund is buying a 6 per

CHI buys

for £30m

By David Waller

via placing

CH Industrials, the holding

company with interests rang-ing from building chemicals

car suproofs, is to buy

Gripperrods

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TIMES

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ugust 24th, the European Option unched an option on the U.S. Stocknder XML The first U.S. index to be traded outside

Twenty Americans in Amsterdam?

the USA. This index, Major Market Index, is composed out of the stocks of twenty U.S. blue chips such as IBM, AT&T, General Motors etc. The index has proved to be an extremely good reflection of the general perform-ance of the U.S. market. Since 1983 XMI-options are successfully traded on

the American Stock Exchange (AMEX) in New York with an average daily turnover of 75.000 The XMI contract traded on the EOE is fungible with the contract traded on the AMEX. In total a market of more

than ten hours is creater

starting each business day at 12.00 p.m. in Amsterdam and closing in New York at 10.15 p.m.

On the EOE, European trade directly in an option accurately reflecting the

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Never was Wall Street so near at hand. Postal code: EOE PR. dept., PO.Box 19164, 1900 GD Amsterdam.

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Corah loss of £1.6m after stock

of \$1.57m.

The exceptional item of £1.76m arises from the directors' decision to re-assess the end of 1986,

Mr Nicholas Corah, the executive chairman, said that following the re-structuring of the group, which included management changes, management critically reviewed all everhead costs and identified substantial sayings. There will substantial savings. There will be benefits this year but the major contribution to profit will accrue in 1988 and there-

Reviewing the past six months, Mr Corah said while the year started with optimism, with encouraging sales in January and February, certain factors have had a major effect on the interim results. The decision to reduce work in process by cutting back production in order to conserve cash had an adverse effect on the recovery

adverse effect on the recovery of manufacturing overheads. This was compounded by most disappointing sales in May and June

The H. B. Howard subsidiary made a loss of £425.000 in the first balf of 1987. There followed a strike at the Achton factory in June which

1988,
Based on a strong order book and with the expectation of reasonable sales through to Christman, the chairman said the board anticipates a significant recovery in profit in the second half

that trading across the group

W. Yorks Hospital

Further growth was achieved by West Yorkshire Independent
Hospital in the year ended
June 30 1987.

The USM quoted operator of a 49 bed hospital lifted its turnover 17 per cent to \$3.2m (\$2.75m) and its pre-tax profit fland at Bolton. This left attributable profit at \$247,000

Earnings moved up to 10.58p

Twille profits would be affected in the short term, in the medium surm the sales of the company's own offset gold in its would prove profitable.

Tax came to \$409,000 of Ward White, who bought into the toy importer early last year. Since then, the group has diversified rapidly by buying an accountancy tuition company and a DIY wholesaler.

Mr Derrick Cowan, chairman, said that the appointment of Mr in profit in the second half of the year. Pre-tax profits for the whole of 1986 were £3,29m.

Turnover in the period was £46,63m (£45,69m) and the cost of sales, £39,79m (£37,85m). The operating profit was £1,24m (£2,1m) after deducting distribution and selling coats of £2,87m

The board stated that its confidence in the future is maintain the interim dividend

Wm Baird to £8m midterm revalued

The hope that 1987 would The directors stated that the group was continuing to benefit is working. Just two years ago interests in textiles and precise to form the acro engine industry—is working. Just two years ago nuclear business represented 43 be a year of continued recovery for Corah, manufacturer and distributor of knitted clothing and fabrics, was shattered by yesterday's interim announcement. Pre-tax profits in the six months to July 3 have plunged from £996,000 to £182,000 and taking an exceptional item into account there is a loss

eschewing contested bids, will continue looking for not-thatthe realisable value of surplus stocks which will be dis-posed of more rapidly, thereby improving cash flow central administration costs absorbed £276,000 (£205,000) to rest any lingering doubts with its existing businesses and the City may have had about have good earnings. Shares £786,000 (£1.24m).

Earnings per £1 share worked through at 13.7p (10.7p) and the interim dividend is raised to 4.95p (4.26p) after adjusting for a scrip issue. For the year and reducing borrowings which stood as high as 75 per cent of shareholders funds at

There followed a strike at the Ashton factory in June which cost the company £275,000 in lost production and severance payments, of which £75,000 has been charged against the first half. The strike was subsequently settled in August and steps are under way to ensure that Howard achieves prefitability early in 1988.

and selling costs of £2.87m (£2.8m) and administrative expenses of £2.74m (£2.34m). Interest payable was £1.05m (£1.2m) and tax took £208,000 (£317,000) leaving a less per 25p share of 5.2p per share (1.7p earnings).

(\$612,000).

Earnings moved up to 10.58p (\$1.6m).

(\$2.6m).

(\$2.6m).

Earnings moved up to 10.58p (\$1.6m).

Earnings per 25p share ross to 14.5p (\$4p).

There was an extraordinary charge of \$10,000 (\$137,000).

had been up to expected levels although two factors had limited growth in profitability.

Earnings per 25p share ross to 14.3p (\$12p).

The interim dividend was increased to 4p (\$2.75p) to correct the imbalance between the interim and final dividends (last per profit at \$247,000 (\$1.6m).

Earnings moved up to 10.58p (\$1.6m).

Earnings per 25p share ross to 14.3p (\$12p).

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The interim dividend was increased to 4p (\$2.75p) to correct the imbalance between the interim and final dividends (last per profit at \$2.6m).

APV Baker up 50% and merger benefits to come

GOOD PROGRESS continued to were on a satisfactory trend be made by APV Baker in the mith a positive contribution first half of 1987, with group from the acquisitions of late turnover showing a rise of 58 1986 and early 1987. per cent and the pre-tax profit an increase of 50 per cent.

And prospects were en-couraging, the directors said. There were record orders on hand and good order prospects in the main business segments, and they described the outlook for the second half and the carry forward into next year as

The group is engaged in the manufacture of specialised pro-cess plant principally for the food and beverage industries, machinery for the printing in-dustry, and chemical and polymer processing equipment. In the half year its sales reached £297.6m (£195m), trading profit was £18m (£11.7m) and the pre-tax balance £16.2m (£10.8m). Earnings were 22.1p (20.9p) and the interim dividend is 8p (7p).

The trend of profitability in

the former Baker Perkins group improved since the bad results in the third quarter of 1986-87, and that should continue as the restructuring took affect. Potential benefits of the merger had been widely recog-nised; restructuring was pro-ceeding to plan and could be expected to result in substantially improved performance next year.

Referring to the recent acquisition, Pasilac - Danish Turnkey Dairies, the directors said its markets and geographical spread were complementary to those of the company. Substantial benefits would come in 1988 and on-Since the beginning of 1986

the company's share price had more than trebled — yesterday Sales and trading profits in it closed at 834p, up 38p — and assuming £43m this year the p/e the former APV companies the directors are recommending of 15 seems well up with events

WOLVERHAMPTON BASED fits rose from £1.16m to £1.41m.

Manders (Holdings), the paints, overseas printing inks turned printing inks and property in a lower £213,000 (£285,000) (£860,000) and stated group, raised pre-tax profits by a being affected by increases on the UK paint and in raw material costs and keen schedule for completion prior

Both the UK and US per-

Manders moves up to £2.5m

increase on the UK paint and in raw material costs and keen printing inks side, where pro-

Computer People doubled

TAXABLE profits of Computer more even profit performance People Group, supplier com- over the current year.

market in May, doubled from formed well, with further £510,000 to £1.03m in the half- increases in the number of

year to June 30 on turnover consultants on assignments. which increased from £13.21m to £17.2m.

to £17.2m.

Mr Michael Bayfield, chair.

Man, said the level of increase took £139,000, against £226,000, was helped by a quicker-than.

normal recovery from the traditional seasonal reduction in per 5p share to emerge at
consultants on assignment in 6.15p (3.3p).

the early part of the year. This
depaltment and

to £1m in first half

development will lead to a dend is 1.2p.

puter staff to organisations and businesses which came to the

that the 50p shares be sub-divided into 10p shares.

These figures were ahead of market forecasts but even so a 36p leap to 832p seemed a bit of an over-reaction. Analysts are puzzling over their full year forecasts and who can blame them; hard information was distinctly sparse. There is no split between the old APV and the new Baker; there is no break-dow nof rationalisation costs or the potential offset from pro-perty sales: orders are higher perty sales; orders are higher but it is difficult for the com-pany to say by how much. Rather like a football supporter who arrives too late for the game, one can only gain a vague impression of what is going on by listening to the roar of the crown inside. So far, the rationalisation appears to be going well and the management inspires confidence but the shares have had a good run and

assuming £43m this year the p/e

schedule for completion prior

Sutherland just

ahead midway

Sutherland Holdings, formerly ET Sutherland and Son lifted pre-tax profits by £5,000 to £165,000 in the six months to June 27 1987.

Turnover for the company,

which makes, processes and distributes food products, ad-

vanced by 73 per cent to £18.88m (£10.91m). The interim

dividend is a lower 0.3p (1.48p).

Operating profits fell from

£213,000 to £197,000 and interest payments totalled £32,000 (£53,000). After tax of £58,000 (£60,000) earnings came out at 0.52p (0.67p)

to Christmas, 1987.

to car suproofs, is to buy Gripperrods International, a leading manufacturer of carpet grippers and flooring accessories, for £30.3m to be raised via a vendor placing.

CHI plans to raise a further £8.3m, £2.1m of which will be used to buy DMI Holdings, a producer of com-Holdings, a product of com-ponents used in office furni-ture, and the balance spent on a number of smaller, as

yet unspecified acquisitions. In total, CHI's equity will expand by two thirds, creating a group with a market capitalisation of approximately £100m.

The acquisition of Gripperrods. a subsidiary of British
Land, adds a fifth division to
CHI's existing activities in
chemical and polymer products. specialist engineering, Gripperrods is UK market leader in the supply of metal and wood fixing strips for fitted carpets. It also makes related products such as underlay and adhesives, complementing the specialist flooring chemicals and ren-derings sold already by

Cementone Beaver, a CHI Mr Tim Hearly, CGPs executive chairman predicted that Gripperrods would make pre-tax profits of £2m in the second half of the current year, against a restated £2.1m

made the whole of last year, on £18.9m turnover.

Mr Hearley maintained that Gripperrods had yet to derive the full benefits of its £4.65m acquisition of RCI, a major competitor, in June this year. CRI has grown rapidly.

from pre-tax profits of 2400,000 on turnover of £18.2m in 1982-83 to £3.59m in 1986-87 on turnover of £55.9m. I

255.9m. I

Its shares closed up Ip at 186p. There will be a clawback facility for existing shareholders at the placing price of 187p.

With the sale of Gripperrods — British Land completes the process of disposing of its industrial interests. It will make a profit on disposal of approximately £20m, and its shares added 5p to 342p.

HALF YEAR RESULTS

RTZ's industrial sector highlights strong interim performance

Contributions of the business sectors to the net attributable profit, before deduction of exploration costs, taxes on dividends and other corporate costs (£44 million), were:

■ INDUSTRIAL SECTOR £101 MILLION (1986; £78 MILLION) **METALS SECTOR**

£37 MILLION

(1986; £39 MILLION) £19 MILLION (1986: £19 MILLION)

ENERGY SECTOR The industrial sector's earnings again moved ahead strongly with a 30% increase on last year. The results from the speciality minerals businesses in the US were particularly good. RTZ's other industrial activities also continued to perform well.

The metals sector's earnings were slightly down overall. Although US dollar prices of most metals improved, largely towards the end of the period, the benefit from this was outweighed by a significant decline in iron

The energy sector's earnings were similar to last year. Coal export shipments and prices were lower. Following a slight recovery in the sterling average price of oil compared with last year, oil and gas earnings rose, though

Outlook. It is anticipated that satisfactory returns will continue to be achieved in RTZ's industrial sector with its important businesses in speciality minerals and chemicals, manufactured products and services. The prices of nonferrous metals are currently higher than the average prices for the first six months of 1987 and the balance of supply and demand is better than for a considerable period. In addition, Iron ore sales for the remaining months of the year are likely rto be higher than for the first six months. Earnings from energy are usually higher in the second half of the year, largely because of uranium deliveries, although the difference is likely to be less marked this year than last.

Proposed share split and consolidation. The RTZ ordinary share price at the close of business on 16th September, 1987 was 1355p. The directors propose a share split and consolidation resulting in the issue of five ordinary or accumulating ordinary shares of 10p each in place of every two existing shares of 25p each. An explanatory circular is being sent to shareholders.

SUMMARY £ millions	HRST HALF 1987	FIRST HALF 1986 (restated)	YEAR 1986
Group turnover	2,172.1	2,027.2	4,343.0
Net profit on ordinary activities attributable to RTZ shareholders	112.5	93.3	⁻ 244.8
Earnings per ordinary share Dividends per 25p ordinary share	36.23p 8.00p	30.07 _P 7.00 _P	78.91p 23.50p

THE RTZ CORPORATION PLC, 6 ST. JAMES'S SQUARE, LONDON SWIY 4LD The full interim statement is being posted to shareholders.

COMPANY NEWS IN BRIEF

GOAL PETROLEUM sharehold—the first six months at PSI was offer. The remainder were subers took up 35.87m (about 97.8 foreseen and that company per cent) of the 36.568m shares on offer. The balance has been sold at 97.75 net per share. Following the rights Norwich Union Life is interested in the solution of S0 per cent to the placing. Completion of the acquisition of the acquisition of the acquisition of the separate terms for the solutionally agreed terms for the solution of the first the acquisition of S0 per cent \$2.5m shares (29.5 per cent) and the Prudential Group re-mains interested in 6.62m (6

conditionally agreed terms for the acquisition of 80 per cent of Winsdale. This company began trading in January 1986 as consultants to the defence industry and is planning to

strongly in the early months of the financial year, compared with last year, the chairman told the annual meeting. Turnover for the five months to August 31 was up by about 30 per cent. A return to profit for continued to improve and re-

timued the trend of the first quarter results which were on target and well ahead of last year, the chairman told the annual meeting. Margins had

and supplies a range of plastic filters strainers, forecast sales and pre-tax profits of £1m and £250,000 respectively for 1987.

BOARD MEETINGS

Terry Povey on the tactics and players in the bitter battle for Guinness Peat

How the New Zealanders gained the initiative

THE BATTLE for Guinness Peat Group is still raging— or so the share stake com-Maxwell's Holborn headquar-ters appear to indicate. The publishing and printing magnate yesterday announced an increase in his GPC holding

Equiticorp, the New Zea-land banking and investment group which on Thursday in-creased its offer for GPG to 115p-a-share, which values the target at £356m, now sits on 39.2 per cent of the UK company's issued capital. The bidder believes that it has already won the day and that Mr Maxwell is engaged in a "futile spoiling action."

There is more than one element of irony in Mr Mazwell's involvement—it was the ubiquitous publisher who, supported by MIM. at the last minute successfully blocked GPG's hid for Britannia Arrow almost two years ago—

valnerable to predators ever

Secondly, it was the recent introduction of the publisher of the Mirror and the People to the GPG farrago, apparently with the en-couragement of Mr Alastair Morton, GPG's abrasive chairman, that convinced most of the banking and fund management group's execu-

management group's executives of the need to come to
terms with Equiticorp.
Certainly th eidentity of
some of the 'white knights'
who too kan interest in GPG,
was a major factor in the
decisio nof the management
of its key US subsidiary,
Fortsmann-Leff, to sell most
of their shares to the New
Zealanders. It also led Lord
Kissin. GPG's founder, to Rissin, GPG's founder, to indicate his approval of them by underwriting the increased

The introduction of Mr Mex-well is seen by many as the third major gaffe made by

GPG since April when Equiti-corp purchased its initial corp purchased its minal quarter stake in the UK group. Then Mr Morton reacted in a customary dismissive manner, telling all and sundry that the New Zealanders were Slater Walker looka-likes, with hardly a million of two to rub between them.

When Equitioorp asked for three board seats this reac-tion was repeated—in spades. However, the need for Equiticorp's support for a share issue to fund an acquisition caused the GPG leadership to change its tune. The New Zealanders obtained two seats on the board plus, through an underwriting arrangement, built its stake up to almost 30 per cent. Gaffe number two was the

Guinness Mahon management buy-in incentive scheme — the plan to acquire eight execu-tives to run the group's merchant bank that, accord-ing to internal management £38m payout in 1992. GPG's refusal to put this issue before shareholders provided Equitieorp with an unparalleled opportunity to go on the attack.

Further, a death in Germany led to ownership of a major parcel of shares passing from father to son — the shift of loyalties allowed Equiti-corp to snap up another 5.6 per cent and obliged it to launch its 110p-a-share bid. On the defensive, GPG's on the defensive, GPG's board revealed the details of the entire escheme. And in spite of the artfully worded 19-page release, the New Zealanders were given a present of round one in the bid battle.

However, it was still the view of Mr Morton that Equiticorp con- not possibly succeed against his combined might. Others in the GPG camp were not so sure—many more feared that a long drawn out battle over the

control of a people's business would lead to the key staff leaving in droves.

So when the only white knights that Lazards and Mr Morton could come up with were Mr Maxwell or Canadian financiers, the Belzeberg Brothers, the reaction of GPG's executives was that GPG's executives was that the time had come to open talks with Equiticorp. It was as a result of these "amicable" discussions and the prospect of a "satisfactory working relationship" between the two sides, that Equiticorp increased its offer last week.

But Mr Maxwell is clearly not reconciled to an Equitinot reconcised to an Equal-corp win at 115p—apart from anything else he would lose money. Mr Morton would still dearly like to prove all around him wrong, to "blast the New Enlanders out of pride intact, head off for the next top-layed Experience." next top-level Eurotunnel fund raising meeting.

Equiticorp: plenty of staying power

WHEN ONE of Mr Robert 48, stayed with Marac, becoming Maxwell's aides approached managing director in 1981, until Equitions recently, offering to leaving to join up with Mr buy it out of Guinness Peat, he expressed surprise that the New Zealaners were not quak-ing with fear at the approach holders funds base of NZ\$35m

of his publisher master.

However, like Alastar 1987's NZ\$500m) Equitiorp Morton, executive chairman of the besieged banking and fund policy, management group, Mr Maxwell appears to have seriously mis-judged the staying power of the

April by spending £83m on a quarter stake in GPG.

Equiticorp may have only been founded in 1984 but its leading lights—Allan Hawkins (chairman and 40 per cent shareholder) and Grant Adams (deputy chairman with a small stake)—are accountants by trade (like many Antipodean entrepreneurs) and were both senior executives in Marac.

managing director of Westpac's major corporate battles. One New Zealand merchant banking of which was a A\$1.3bn struggle

FENANCIAL HIGHLIGHTS

(Half year figures unaudited)

Profit before taxation

Earnings per ordinary share

Dividend per ordinary share

Soles

managing director in 1981, until leaving to join up with Mr Hawkins in the formation of Equiticorp.

From its launch, with a share-

present values and any seriously mispears to have seriously mispears and mispears to have seriously mispears and mispears are ser misjudgment lies in a too quick money market and treasury dismissal of the resources of operations. It is the lending dismissal of the resources of operations. It is the lending a youthful group which celebrated its third birthday in most of the group's 330 per cent

> Second, there are the invest ment activities. In New Zealand the most important of these is a 49.9 per cent holding in Feltex, a carpets, coverings and retail chain which is New Zealand's 16th largest company. There are also major holdings in electronic consumer goods, property development, pulp and chiphoard, and horticul-

New Zealand's largest non-bank
financial services group, for a
decade starting in the early
'sixties.

Mr Hawkins, aged 46, went
on from Marac to become the
has been involved in several

INTERIM RESULTS

From the statement by the Chairman, Sir Ronald McIntosh KCB:

prospects are encouraging."

into 1988 is promising."

Half year to

. 30 June

195

10.8

20.9p

7p

298

16.2

22.1p

Crawley RH10 2GZ.)

Process plant for the world's food and beverage industries





Grant Adams (left), deputy chairman of Equiticorp and Allan Hawkins, chairman

ACI (which was profitably lost). Another involved a A\$650m clash with the UR's Redland over Monier, the building products group. Redland has obtained 50.3 per cent of Monier but now has to cope with having ET as a 30 per cent plus minority sharsholder. For the year to March, Equiticarp reopred net profits of NZ\$104.9m more than triple the previous year's result and twenty times that of 1984.85. Equiticarp's window to the outside world is Hong Kong

subsidiary. Mr Adams, aged for control of chemicals major outside world is Hong Kong

"Your company continues to make good progress and the

"With a high level of orders in hand at the end of June

"The integration of Baker Perkins into the enlarged group

has gone extremely well.

The potential benefits of

the merger have been

widely recognised and

this has made it possible

to implement necessary

changes quickly and

effectively. Motivation

throughout the group is

acquisitions in the United

"With the recent

and good order prospects in the main business segments, the

outlook for the second half of the year and the carry forward

Year to

31 Dec.

1986

£m

417

27.5

52.5p

12p

Kingdom, the USA, Denmark and Germany, APV Baker now enjoys a broader base than any of its competitors. No one industry segment dominates the product portfolio; there are

modern manufacturing facilities on both sides of the Atlantic

and sales in North America and continental Europe are of

comparable magnitude. This should provide useful protection

more than trebled. The Directors are recommending a 5 for

APV BAKER PLC

"In the last 18 months, your company's share price has

(A copy of the full interim announcement is available on request from The Secretary, APV Baker PLC, Manor Royal,

against fluctuations in individual markets and currencies."

high."

where its 75 per cent owned but separately quoted Capital-corp subsidiary is based. The

corp subsidiary is based. The first 25.5 per cent stake in Guinness Peat was acquired by the Hong Kong arm.

However, it is Equiticorp itself which is bidding for GPG today. With 39.2 per cent of the target's shares already purchased and a growing rapport with the UK group's operating management what are the New Zealanders' plans for Guinness Peat?

Mr Adams and his London

team are, contrary to the City's expectations of Antipodean entrepreneurs, cautious fellows. He expects to spend several months discussing possibilities with the incumbent management at GPG—none of whom, with the exception of Mr Morton, is due for a change. At group level the task of cairman (to be recruited within the UK) and chief executive (currently held by Michael Kert-Dineen) will be split but its board "will not be swamped by Equiticorp." The plans are for three Equiticorp executives—Hawkins, Adams and Peter Hunt, the managing director of

Hawkins, Adams and Peter Hunt, the managing director of Capitalcorp—to join the existing executive directors and for three non-executive directors, one of whom to be chairman, to be found in the UK.

For Guinness Mahon, the merchant banking unit of CPG, a new chief executive will be recruited—Equiticorp says it has already received several approaches from interested parties. Mr Adams is determined, however, to avoid the "A-team, B-Team" approach he sees as implicit in the now detunct management buy-in scheme. "Contrary to the impression given by some there are a lot of good people doing good work within Guinness Mahon." he said.
—Equiticorp is clearly very

-Equiticorp is clearly vary happy with the US fund management activities — an area in which it lacks experience as a group. It is concerned to see what can be done to develop the relationship with GPA, the lucrative Irish aircraft leasing activity in which GPG has a 22.6 per cent holding. Some involvement of Guinness Mahon with GPA is one possibility; another is an international link-up of GPA with Ansett — the Australian airline which is expanding its leasing operations. Equitorp clearly feels it has come very close to victory — it would still like a 60 per cent would still like a 50 per cent stake — and according to Mr Hunt is determined to play out what it hopes will be the closing stages of its takeover of GPG "with dignity." "But," he adds, "if anyone thinks we will run away from a fight, they've got Equitoorp all wrong."

> CORPORATE SECURITY

The FT proposes to publish this Survey on:

SEPTEMBER 21 1987

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Molins reiterates forecast of £10m

Molins, the cigarette-making equipment company which recently fought off a £93m takeover hid from Tozer Kemsley & Millbourn, yesterday announced interim pre-tax profits of £3.1m, down from \$4.6m in the same period

However, the company had already warned shareholders of these figures during the bid battle, when it also made a full-year pre-tax profits forecast of not less than £10m, against £9m last year. Molins reiterated yesterday that it.
expected to meet this forecast, together with earnings
per share of 21.5p.

It said the drop in profits at the interim stage was whelly attributable to the phasing of tobacco machinery phasing of tobacco machinery deliveries which, "in this year of highly important change from older genera-tion products to the new cog-arette making and packing machinery, is unavoidably weighted towards the second half of the year."

Trading profits from tobacto machinery totalled film (f4.1m) on sales of f33.7m (f45.7m)—and it pointed out that 1986 first half sales were an uncharacteristically high proportion of that year's turnover.

Connected board machin-ery produced profits of film (£0.6m) on sales of £16.7m (£17.5m) and were expected to continue at this improved level. Langston UK had a poor start to the year but subse-quently built up a much im-proved and r book, in part thanks to a recently an-nounced Chinese order.

The figures also include the first significant contribution
—It im—from Molins' flexfible machinery system patents.

Group turnover was \$50.4m (£63.2m), the tax charge £1.7m (£6.9m), Earnings per share after tax totalled 5.2p (12.8p). The interim dividend is 2.5p (2.2p).

Pennant bid for Country and New Town

By Paul Cheeseright,

Pennant UR, a scheldiary of Pennant Holdings of Australia, yesterday made its obligatory hid for the whole of the issued share capital of Country and New Town Proaircady own and urged share-holders not to accept it. The situation arises from

the purchase last month for 239.3m of 44 per cent of Country and New Town's shares from British and Com-monwealth. Since then it has bought further shares in the market and surrently holds

This therefore triggered an unconditional offer to the shareholders of Country and New Town at a price of 1979 a share — what Pennant had been paying on the market. Pennant's intention though is to hold only 49.9 per cent of Country and New Town and wants the company to retain its listing. So shares which are sold to Pennant are

likely to be sold on.

"Arrangements have been made with Houre Govett, Pennant UK's financial advisers, whereby sufficient CNTP shares will be placed with institutional investors to ensure that the listing is maintained and that there is an adequate market in the shares," shareholders are being told.

Mr Gerald Newton, the

CNTP chairman, who has wel-comed the Pennant purchase of CNTP shares, said that he would retain at least 500,000. On the market yesterday, CNTP shares were unchanged in 1980.

All-round growth boosts Laporte to £34m halfway

and turnover rose from as a whole was expected and £205.3m to £224.7m in the six months ended June 28 1987. were excellent, he said.

Mr Ken Minton, chief executive, said yesterday that the benefits from the group's programme of investments in the UK and overseas were con-tinuing to come through and had contributed substantially to the profits increase. All the core business had

performed well with the desired high rate of growth. Interox, the hydrogen peroxide group owned jointly with Solvay of Belgium, continued to make progress and contributed £15.8m (£14.4m) to pre-tax

The acquisition of Compugraphics International, announced in July, would substantially benefit the electronics businesses while the recent purchase of Vinings Industries of Atlanta, Georgia, would provide a global oppor-tunity for the expansion of the technical and commercial strengths of Laporte in the

Laporte Industries (Hold-businesses remained the highest ings), chemicals group, in-priority and plans for further creased pre-tax profits by 18 acquisitions were well advanced. creased pre-tax profits by 18 acquisitions were well advanced per cent from £28.8m to £34m A good outcome for the year

Taxes amounted to £11.6m (£10m) and minority debits £100,000 (£100,000). Earnings per 50p share increased to 18.3p (13.8p).

The interim dividend was increased to 4.4p (3.8p).

comment

Laporte has for several years been cranking up the margins at interox but the limit must be close now it has reached 20 per cent. That need not cause too much concern. Worldwide sales much concern. Worldwide sales of Interox products are still growing by about a tenth every year and Laporte is meanwhile boosting both turnover and margins at the core business. Among the achievements is the growth of the timber treatment business which in four wars have been half up four years has been built up from nothing to one with a turn-over in the US of more than £50m. Laporte aims to increase technical and commercial strengths of Laporte in the paper and water treatment industries.

Mr Minton said that the group's financial position remained strong with a healthy balance sheet and excellent cash flow. Commitment to growth by expension of the core

First Security merging with Hawtal Whiting

First Security Group, the electronic sensors, car safety and security systems group partly owned by United Technologies of the US, is marging with Hawtal Whiting, the Essex-based motor industry design and engineering consultancy.

Motors of the US, from around 95 per cent of its turnover to less than 50 per cent within the new grouping.

The weakness of this dollar-related business was the principal reason for a drop in Hawtal's pretax profits from the control of the US, from around 95 per cent of its turnover to less than 50 per cent of its turnover to less than 50 per cent of its turnover to less than 50 per cent of its turnover to less than 50 per cent of its turnover to less than 50 per cent within the new grouping.

The deal takes the form of a engineering products and services covering most elements making up a vehicle.

Only two weeks ago, Hantal Alternatively, Hoare Govett, also received full Civil Aviation FSG's brokers, are offering a Authority approval as a cash alternative of 485p a share, supplier of aerospace technical Full acceptance of the offer

supplier of aerospace terminal will acceptance of the oner services.

The merger will serve to FSG ordinary being issued, reduce Hawtal's previously very representing about 48 per cent heavy reliance on General of the enlarge capital of FSG.

to buy ADS

It will pay £1.75m in cash on

completion, with further deferred payments over the next three years in cash or shares dependent on future profits performance.

FKB, which recently moved from the USM to the main market, said the ecquisition would provide the group with one of the UK's leading direct marketing agencies" and enhance the group's existing capabilities in this field.

Hawtai's pre-tax profits from 24.84m on turnover of 284.49m for the whole of last year to 2810,000 on a £15.2m turnover in the first half of the current

Announcing the merger yes-terday, FSG said it already had acceptances amounting to 62 per cent of the Hawtal capital. Six new 10p FSG ordinary shares of 10p are being put up for each five Hawtal shares of 5p, which values Hawtal's shares at 504p. Hawtal's traded at 435p imediately before its suspension on Monday.

eoi lanc

FKB in £6m deal | Desoutter up

FRE Group, the sales promotion and marketing services business, is buying ADS Group, a Manchester-based marketing services company, for up to

ADS, founded in 1976, provides a broad marketing service and clients include Ferranti, GEC, Great Universal Stores and Crown Paints. Pre-tax profits last year totalled £172,000 and it has warranted profits of not less than £300,000 in the year to September 30.

20% to £3m

A significant increase in margins has led to Descriter Brethers (Holdings), precision mechanical engineers, producing a 20 per cent increase from £2.45m to £2.95m in pre-tax profits in the first half of 1987. The improvement in sales was from \$19,02m to £30,21m.

Mr R. C. Desoutter, chairman, said provided overseas currencies, particularly in maintained Europe, present levels against sterling there was a good prospect of sustaining the improvement through the remainder of the

Interest payable for the half year was £115,000 (£198,000) and UK and overseas taxation amounted to £1.05m (£867,000) leaving attributable profits of £1.9m (£1.59m) for earnings of 15.14p (12.6p) per 25p share.

The interim dividend is raised from 2.5p to 2.7p.

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18th September, 1967

companies notably in the automotive and aircraft industries.

Sponsors and Financial Advisers: Guidehouse Securities Limited, Vestry House, Greyfriars Passage, London EC1A 7BA

ssued and

UK COMPANY NEWS

Acquisitions help Abaco boost profits to £6.5m

BY STEVEN BUTLER

Abaco Investments, financial services company, yesterday reported a near five-fold increase in pre-tax profits to £6.55m in the year to the end of June, taken as a reflection of the true to the contributed forms.

The results could not be taken as a reflection of the true to the contributed and insurance broking, contributed and insurance broking. services company, yesterday reported a near five-fold increase in pre-tax profits to £6.55m in the year to the end of June, while turnover increased from £16.8m to £46.67m.

issues. However, earnings per share also moved sharply ahead, more than doubling from 1.03p to 2.31p. A full-year dividend was declared at 0.4p — up from 0.2p.

He added, however, that other activities. compared with 1s strong organic growth had been experienced in many of the businesses acquired. This cent of profits. Turnover in reached 221m, up for result; in part from savings in residential estate agencies the previous year.

while turnover increased from the true increased from

cial year.

The enormous expansion of was declared at 0.4p — up from 0.2p.

Mr Cameron Brown, chief executive, said that organic growth contributed only to a minor part of the improved parformance.

At this stage of Absco's a service parallel flow. formance.

"At this stage of Abaco's growth, it is primarily acquisions," he said yesterday.

He added, however, that the services adjusting, and the services adjusting and the services are services.

Lancaster advances to £1.35m at midway

A STRONG UK market for motor vehicles which bene-fited all sectors of its busi-ness belied Lancaster, retail motor trading group, boost taxable profits by 67 per cent from £810,000 to £1,25m in first half of 1987. Turnover moved up from £37m to

Mr Jeremy Brown, chairman, said that trading in the second half of the year started well, although higher operating costs, notably inputerisation and decentralisa-tion were likely to limit profits growth in the period. Nevertheless, with the current strong market in the motor industry he looked for-

He said that the company continued to review oppor-tunities for further expan-

ward to the future with con-

Lancaster, which obtained

Lancaster, which obtained a full market listing in July this year, paid increased tax of \$433.400 (£257,000) and earnings per 25p share rose from 4.4p to 7.2p.

Mr Brown said that as indicated at the time of the company's flotation it would not be paying an interim dividend. However, a final dividend for 1987 would be payable in May 1988.

able in May 1985.
Since the float, Lancaster had opened its new facility at West Thurrock. Plans for cedes-Benz dealership at Hert-ford were progressing actis-factorily and negotiations were in hand to acquire an excellent site close to town centre.

Westpool repeats £2.8m at year end

Westpool Investment Trust, an investment holding company with mainly listed investments, announced unchanged pre-tax profits of £2.84m for the year to end-April 1987.

The directors are recommending an increased final mending an increased final dividend of 1.35p (1.256p) for a total 0.1p ahead at 1.7p. for a total 0.1p ahead at 1.7p. Earnings for the year rose to 2.09p (1.9p) basic, and fully diluted were 1.78p (1.7p).

Gross income moved ahead from 22.17m to 24.13m, which included 22.97m (22.59m) in dividends from London Merchant Securities. The group has not yet received its share of the LMS proposed final dividend for the year ended March 1987. That amount,

interim dividend of 1.25p (1p) and after tax of £126,000 (£41,000), earnings per share rose from 6.76p to 8.08p.

The improvement was thanks partly to an £88,000 exceptional credit resulting from the sale of part of an area of land of forward demand would be sustained well into 1968.

Tracking surplus from the acquisition and disposal of a property in Victoria. The second half started encouragingly, the directors reported.

Earnings were 4.6p (2.5p) and there was 2853,000 (£886,600) and there was 2853,000 exceptional credit resulting from the acquisition and disposal of a property in Victoria.

Tax was £783,000 (£886,600) and there was 2853,000 exceptional credit resulting from the acquisition and disposal of a property in Victoria.

Tax was £783,000 (£886,600) and there was 2853,000 exceptional credit resulting from the acquisition and disposal of a property in Victoria.

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Tax was £783,000 (£886,600) and there was 2853,000 exceptional credit resulting from the acquisition and disposal of a property in Victoria.

and technology will do their job well whatever the com-pany's size. The key will be keeping staff motivated. Many professional staff bought shares on flotation and

have thus seen the value of their holdings rise dramatic-

ally. A share option scheme to be introduced soon for key staff is likely to make them

even more eager to contribute to the business's success.

Under this, some rewards packages will include options on 10,000, 20,000 and—for some senior people—30,000 shares. If the share price continues to hold up and develop, this should mean substantial nest eggs for many, small fortunes for those whose role will be critical.

Fergabrook cuts its losses

Fergabrook Group, a distri-butor of consumer merchandise cut pre-tax losses from £2.15 to £771,000 on turnover reduced substantially as result of re-structuring from £31.67m to £523m in the first half of 1987.

The results reflected the sen-next year.

The company's forward sales major part of the turnover. The gave it utmost confidence that second half of the year would it would return to profitability show considerable improvement for the full year, bearing in as a result of Christmas-related

They also indicated that The loss per 20p share of this sales. They also indicated that the benefits of the restructuring the benefit

Service Art (Service)

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The state of the s

The state of the s

The results reflected the sea- next year.

nature of the business.

Turnover on the continuing businesses increased by 50 per cent. Losses on the continuing businesses for the comparative period last year were £2.3m.

Distribution of toys through Rainbow Toys, the company's main activity, were substantially shead and would continue so for the full year. He said that the division would be

Ian Hamilton Fazey on Miller and Santhouse's rapid progress

Seeing a market for expansion

Miller

Santhouse

Pre-tax profits (2000)

400

Sale of land helps profits rise at Garton Engineering

earing components and special fasteners and dealer in land, fasteners and dealer in land, upped pre-tax profits from 2290,000 to 5427,000 on turn rapid brild-up in demand had over ahead from 27,00m at exceeded the company's expectations and there were good indications that the high level of forward demand would be sustained well into 1983.

property investor and developer, showed turnover increasing from £1.97m to £2.78m and pretax profit rising from £407,000 to £720,000.

to £730,000.

Gross rental income was up to £911,000 (£648,000) and property development to £1.85m (£1.32m), including a useful

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18th September, 1987

Garton Engineering, manufacturing geographically unrelated to the turer and distributor of engineering company's manufacturing

Clarke Nicholls ahead midterm

ance broking and insur-ance broking, contributed £6.63m to sales vdn £1.75m to profits. Sales in the commercial estate division reached £3.69m,

The loss-adjusting division

was built through the acquisi-tion of Toplis & Harding, Trundle Heap & Baker, John Lewis and Maxson Young Asso-

ciates, with operating profits of £1.48m on a turnover of £14.83m. Other activities con-

tributed £1,21m in profits and

Earnings data for the com-pany were calculated on the basis of a weighted average of number of shares in issue, which came to 1864m shares,

compared with 104.9m in the previous year. Actual shares in issue at the end of June reached 221m, up from 122m in

with profits of £1.64m.

£6.72m in turnover,

FIRST HALF results from Clarke Nicholls # Coombs,

Two Major Financial Services Conferences arranged by the FINANCIALTIMES

Retail Financial Services from now to 2000

London, 15 & 16 October, 1987

The Financial Times stages a Retail Financial Services conference every second year and this October sees another forum reviewing the significant developments in Britain, Continental Europe and the United States. The debit card problems, an issue of considerable interest today, will receive particular

Among the speakers who have agreed to participate are:

Mr Foster L Abom John Hancock Mutual Life Insurance Co

Mr Raoui Bellanger Groupement des Cartes Bancaires

Mr Colin J Finch Hambro Countrywide PLC

The Hon Seymour H Fortescue Barclays Bank PLC

Mr Russell E Hogg MasterCard International

Mr James Larkin American Express Company

Electronic Financial Services -Competition & Co-operation

London, 19 & 20 October, 1987

The Financial Times fifth Electronic Financial Services conference will focus on competition and co-operation in financial services and the problems financial institutions face in managing technology to cope with the demands presented by the increased competition and deregulation.

Some of the speakers taking part include:

Mr Rudolf Bauer Commerzbank AG

Mr Jacques De Keyser Generale Bank

Mr Des Lee Lloyd's of London

Mr Gene Lockhart Midland Bank plc

Mr Bert Monts National Westminster Bank PLC

Mr Trevor Nicholas Barclays Bank PLC

gate shopping complex hear Rotherham, and most of Britain's big retail names are

ance director for the flotation.

There seem to be four reasons for success — a small top management team that knows what it is doing, sound marketing, exceptionally good managerial controls which future expansion can be paid for from revenue. The capital raised from flotation has financed the current wave of expansion, the speed of which was directly and the speed of which was directly asset to be four reasons for success — a small top management team that knows what it is doing, sound marketing, exceptionally good managerial controls which make use of the flotation.

There seem to be four reasons for success — a small top management team that knows what it is doing, sound marketing, exceptionally good managerial controls which make use of the latest electronic point-of-sale (EPOS) technology, and well-motivated staff.

We will be speed of which pansion, the speed of which can be gauged from the fact that the company had only 22 his own optical wholesaling outlets when it went public.

If there are four "P's" in marketing—products, place of sale, prices and promotion—Mr Miller has ensured that his company has combined them into what looks like a winning mix.

Mr Miller spent his first few office computer with from the sum optical wholesaling the practice with Mr Santhouse in practice with Mr Santhouse in practice with Mr Santhouse in practice with Mr Santhouse is also useful to the since it contains their tion. A chit with each glasses offers 20 per company has combined them into what looks like a winning mix.

The print-out from is also useful to the since it contains their tion. A chit with each glasses offers 20 per company has combined them into what looks like a winning mix.

The City thinks so too: Miller and Santhouse's shares went on offer at 105p, opened at 133p, massively and exclusively

Miller and Santhouse, the closed at 150p at the end of Liverpool-based opticians which the first day, and have not floated on the USM in October looked back since. Pro-rax prolooked back since. Pre-rax pro1986 and which announced good
first full-year's results as a
public company this week, is
having a customarily busy
month.

On Monday it opened the
company's 46th "sight centre"
—a departure from its normal
practice of choosing only prime
processing in busy high creates
Miller whichs breathless wisitors

practice of choosing only prime positions in busy high streets, because this one is Britain's because this one is Britain's round his rabbit warren of a first "drive-in" opticians. Four headquarters in Lord Street, more shops of the conventional sort are being fitted out and will open before October.

The latest Miller and Santhouse outlet may not be that much of a departure, however. It is sited on the successful out-of-town Retail World Parkgate shopping complex near buildings. Miller and Santhouse took them over from the first

took them over from the first floor upwards and knocked through to expand sideways in both directions.

Britain's big retail names already there.

This means that Mr Maurice Miller, the company's joint founder and its marketing stock, manufacturing, administration, an in-house retail design tration, an in-house retail design studio (to get point-of-sale proposes tomers turn up in large numbers.

Other "drive-ins"—or rather "drive-tos," since you have to get out of the car to have your eyes tested—are likely to figure through to expend the space for ability has given the space

sold his share in a two-man chartered accountancy practice to join his major client as fin-ance director for the flotation.

Mr Miller spent his first few

and contacts to cut out middle

service most people expect to find only in places like Hong Kong.
It uses its EPOS system to control stock levels and assess trends in public taste. Each till in the network of brancheswhich spreads out from Mersey-side north into Scotland and westwards and south into York-shire and the Midlands—feeds back automatically to the head office computer with full details

The print-out from each till is also useful to the customer salso useful to the customer and Aitchison are very good and we respect them greatly. But they have 600 branches and second pair made to the customer and Aitchison are very good and we respect them greatly. second pair made to the same

second pair made to the same prescription within a year. The question is whether al this will be ruined by growth as sheer size makes managerial control more difficult. Mr



shops was opened next door to a Boots Optical branch.
"There were already 11 opticians in Warrington and when we opened slap in the middle of the shopping precinct, the trade thought we were mad. We are doing very well and, we think, better than everyone else.

"Competitors like Dolland cannot respond all that quickly. We believe we have a flying start in advanced retailing technology and the incentive throughout the company to win everywhere we operate," he

	<u> </u>

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ORANGE JUICE 15,000 lbe, cente/lb

Close Prev High 137.15 133.10 139.80 131.30 131.30 131.40 128.30 128.55 128.50 128.95 129.80 129.55 129.55 129.55 129.55 129.55 129.55 129.55 129.55 129.55

PLATINUM 50 troy oz. \$/troy oz

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Sept 757.5 748.0

Opt 759.0 748.5

Nov 765.2 753.7

Dec 770.0 758.5

Jan 775.1 751.6

Match 786.9 775.4

May 786.5 787.0

July 810.7 799.2

Sept 822.9 811.5

SUGAR WORLD "11

112,000 bb, centur/b

UK maltsters face barley shortage

Tanzania

curb gold

plans to

BRITAIN'S TOTAL cereal har- 9.25m tonnes of barley is antici- the grain. It is suggested that will be needed, but it high-

The figures, the preliminary result of the NFU's annual ern counties most affected by the first time that the country's barley harvest could be almost as severely affected by the recent heavy rains as the wheat harvest.

According to malting quality barley available to maltsters could be down the narvest.

According to the NFU, the malting industry used comething under 12.25m tonnes of barley last year, against nearly 14m tonnes last year, while some the quantity but the quality of the name and the east imported, some barley merchants believe. Within the furpose Community Denmark of malting quality barley available to maltsters could be down to mormally produces a healthy of surplus of malting barley. It is not yet clear whether this will be the case this year, how distilling whisky. The balance ever, as the Danish harvest has also suffered from poor weather.

The Maltsters' Association of tonnes may have to be imported, some barley merchants believe. Within the European Community Denmark of malting barley. It is not yet clear whether this will be the case this year, how distilling whisky. The balance ever, as the Danish harvest has also suffered from poor weather.

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BRITAIN'S TOTAL cereal harvest this year is likely to be at least 2.25m tonnes or nearly 10 least 2.25m tonnes or nearly 10 less than last year, according to figures published yesterday by the National Farmer's Union.

The figures, the preliminary result of the NFU's annual cereal harvest survey, suggest to the situation could support the situation could support the situation could support the grain. It is suggested that will be needed, but it high-lights a further problem. Solution may effectively be lost through poor quality.

However, the situation could support quality.

If the worst predictions are figures suggest for the premium malting barleys, which are grown principally in the east-solution of the NFU's annual cereal harvest survey, suggest and the grain. It is suggested that will be needed, but it high-lights a further problem. Solution of the grain is suggested that will be needed, but it high-lights a further problem. Solution of the will be needed, but it high-lights a further problem. Solution of the will be needed, but it high-lights a further problem. Solution of the will be worse than these broad figures suggest for the premium making barleys, which are grown principally in the east-solution of the will be needed, but it high-lights a further problem. Solution of the will be needed, but it high-lights a further problem. Solution of the will be needed, but it high-lights a further problem. Solution of the premium may effectively be lost through poor quality.

If the worst predictions are fulfilled, between 200,000 and farmers for high quality barley imported, some barley meritain a further problem. Solution of the premium patterns of the grain in the grain. It is suggested that will be needed, but it high-lights a further problem. Solution of the premium patterns of the premium patte

smuggling By Phillip Smith

A minister in the Tanzanian Government has confirmed that approximately half a tonne of gold is being smuggled out of the country each month.

The Minister for Energy and Minerals, Mr Al Noor Kassum, said this week that an inquiry into the escalating smuggling problem was to be launched, and a policy intro-duced in Parliament to curb

Large quantities of gold are reportedly being smuggled through Dar Es Salam air and sea ports with the co-operation

of licensed goldsmiths.

A major source of the gold is the Buckreef development in the Gelta district of the Mwanza region. Smaller quantities are mined by peasants using their bare hands and old redundant mines spread across the

production in Tanzania dwindled to almost nil in the 1970s, but the Buck-reef mines—with an estimated life of 15 years—were re-opened in 1983. Commercial quantities of gold have been discovered on the fringes of

the mines.
The mining sector accounted for only 0.6 per cent of the country's GDP in 1983, but this figure does not allow for extensive illegal mining. An investigation in the Sunday Times of Tanzania said that the miners sold their

gold to both legal and illegal dealers instead of the state mining corporation (Stamico). Illegal dealers ofter five times the Stamico price. "We are aware that a lot of illegal gold is being smuggled out but it is difficult to give

accurate figures," Mr Kas said. He confirmed that an investigation into the probimmediately.

Gold plays an important role on the black market in Tanzania. Traders amuggle gold out in exchange for a range of consumer items, in-cluding motor vehicles and clothing. However, the majority of the earnings are

Backing expected for tin quotas

BY WONG SULONG IN KUALA LUMPUR

MINISTERS OF the seven-nation Association of Tin Pro-ducing Countries are to discuss the possibility of extending ing the market from \$5,000 their current export quota pro-gramme by another year when 55,000 tonnes last month.

their current export quota programme by another year when they meet in Kuala Lumpur at the end of the month.

Malaysia, the largest producer, believes that other ATPC members are prepared to continue the quota programme provided non-members, particularly Brazil and China, are willing to continue to co-operate by resident their sales. Brazil and China will be sending observers to the miinsterial meeting.

The ATPC members—Indonesia, Malaysia, Thailand, Australia, Bolivia, Nigeria and Zaire—are generally satisfied with the performance of the export quota scheme under which they are limiting total exports to 96,000 tonnes for the scheme, but the Malaysia tin industry are lobbying for Kuala Lumpur to opt out of the scheme, but the Malaysian Government is against when he opens a tin trading would depress prices.

Dr Lim Keng Yaik, the seminar is to take advantage of the ATPC meeting to familiarise foreign tin producers with the new hedging from Dr Subroto of Indonesia at the coming meeting.

The ATPC members—Indonesia at the coming meeting.

The ATPC will also discuss a postponed tin futures trading to November.

He said tin trading would definitely begin in October as planned, and the exact date when he opens a tin trading would definitely begin in October as free would be announced by Dr Lim when he opens a tin trading seminar on September 30.

The ATPC members—Indonesia at the coming meeting.

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Dr Lim Keng Yaik, the planned, and the exact date would be announced by Dr Lim when he opens at in trading two the coming to November.

The ATPC will also discuss a free for all would depress prices.

Dr Lim Keng Yaik

Meanwhile Mr Syed Jabbar Shahabudin, chief executive of the Kuala Lumpur Commodities Exchange, has denied local media reports that the exchange has postponed tin futures trad

S African coal mines suffer fresh blow

BY GERRARD McCLOSKEY IN LONDON AND BRENDAN RYAN IN JOHANNESBURG

SOUTH AFRICAN coal expor- France, Scandinavia and the US. ters, still dusting themselves down after the three-week strike by the National Union of Mineworkers, have now been dealt a blow which is potentially much more damaging.

The state - owned South
African Transport Authority
(SATS) has suddenly and
unilaterally raised the rail
unilaterally raised the rail
rates for carrying coal to
Richards Bay, the country's
exporting port on the Indian
Ocean.

tonnes through Richards Bay—
but this year the signs, from
to the end of August, are that
more than 4m tonnes will be
lost with many industry leaders
predicting a far bigger drop.

While costs have been escalating prices have dropped. In

Ocean.
The R4 a tonne-rise brings baulage rates to R23.50 a tonne baulage rates to R25.50 a tonne for carrying coal from the most distant mines to the terminal. spot prices for South African It is the second rail rate coal were around \$38 a tonne, increase this year and another delivered into Europe; but last is expected on April 1 1988.

These rail rate increases. along with higher labour costs following the NUM pay settlement, are among a series of ment by SATS, the same price costs increases which have pressures which are exerting steadily eroded South Africa's themselves on the Australian position as the world's lowest-cost producer. The rand has state and federal governments recovered from a low of just embark on a search of ways of 36 US cents in December 1985 reducing rail and port charges, to 49 cents now; the recent in addition, and in spite of the NUM award has put another 5 week-long strike at the mines per cent on costs and infinition which ended this week, the per cent on costs and inflation is running at 16 per cent. All mining unions have agreed to this comes on top of a boycott cut bonus payments at a grow-of South African coal in ing list of mines.

The result has been a swift reversal in the growth of coal exports. Last year 45.5m tonnes were moved—over 40m tonnes through Richards Bay—

European Community in 1987-1938 could fall to the lowest level this decade, according to C. Czarnikow, the London trade house. In its September review the

excess of 4m tonnes, compared with the 5.1m tonnes it was forecasting in July. But, depending on market prices, it is likel ythat about half the surplus will be rolled over into the 1988/99 crop year, leaving only 5m tonness for except ing prices have dropped. In December 1985, when the rand was at its weakest and rand earnings for US dollar denominated coal sales at a peak.

Czarnikow is expecting the week they were almost 10 cents be about 12.62m tunnes this below that level. year, compared with a July forecast of 13.42m tonns forecast has been revised down hitting European sugar beet crops in the past couple of

week-long strike at the mines which ended this week, the

Bad weather may cut EC sugar exports

By David Blackwell

EXPORTS OF sugar from the

broker puts the EC's potential exportable surplus of sugar in only 2m tonnes for export.

 British Sugar has cancelled the National Sugar Beet Demon stration scheduled for Novem ber 4 and 5 because of the possible risk of contamination of crops with the rhizomania virus, discovered on a Suffolk farm last month.

Australia probes grain handlers

of Australia's grain to between 11m and 12m tonnes. storage, handling and transport system is likely to be stressed in a Royal Commisssion discus-sion paper to be published next week. The Commisssion has been working for almost a year and its long-awaited paper will detail some of the preliminary findings gleaned from the hundreds of written submissions tions made at public hearings

around the country. Next week Mr Jim McColl, the Commissioner, begins a trip to the Middle East, Europe and North and South America. In recent months the Commission has published some of its initial thoughts, and the discussion paper is likely to

ments suggesting that the in-stitutional framework and pricing practices now in place of wheat and other grains are in need of far-reaching changes. As if that were not enough, a second spotlight is being trained on the wheat industry by the Industries Assistance Com-mission (IAC), the Government's advisory body on assistance given to primary, to primary, nd tertiary secondary and

The IAC is busily examining not only the assistance which the Australian wheat industry receives but also the domestic and export marketing arrange-ments which it operates. The existing scheme expires next June, and the Government must decide whether to extend or change it.

Both the IAC and the Royal Commission are due to report early in 1988. Their findings will be important because the outlook for wheat-Australia's third largest export earner, behind coal and wool-is far from encouraging.

According to the Government's Bureau of Agricultural output will fall below 14m that where branch lines carry the Commission wonders seri. Iysis. A final report is not tonnes over the next few years less than 50,000 tonnes a year ously whether pooling costs for scheduled to be published until from the record 22m tonnes of the grain might be more storage and handling adequately well into next year.

prices the result of declining import demand and US and EC support policies—are likely to persist in the medium term. That means intensifying pressure on Australian wheat farms. whose incomes are already estimated to average zero.

The findings will be important for a wider reason too. They will touch on aspects of the Australian economy which have hitherto escaped the broad sweep of the Labour Govern-

might be better.

The Commission has also revenue pooling in which payfound that there is a wide diverments are made to producers sidised by other growers, other rail traffic or taxpayers gener-

ally-and in some cases by all

In marked contrast to the

In the Commission's view, whether escaped the broad there must be serious doubt sweep of the Labour Government's reformist brush.

One, obviously, is the trans
of the broad there must be serious doubt whether the regulated rail system can be efficient and costofficerive. There is, it says,

Chris Sherwell on a study which may result in a major overhaul of cereals services

of the country's most heavily regulated areas of economic

from the fact that between 1979 and 1986, the cost of storage, handling and transport services took a rapidly increasing share of the customer's price-more than 19 per cent last year.

In respect of transport, it has looked closely at the lack of competition between road and rail in the movement of grain and at the costs and pricing of these alternatives.

In its view, protective legislation and government policy mean there are "significant restrictions" on the use of road transport to carry grain from local silos to ports in all states. As a result the rail transport of grain represents a "signifi-cant proportion" of most state rail authorities' business, both in terms of tonnage and freight

Comparing costs of road and Economics, Australian wheat rall, the Commission has found

port sector, which is still one scope for significant deregula-

Its initial verdict on pricing activity. in Australia's grain storage
The Royal Commission starts and handling system is just as sobering. Again, it has found a tange of pricing practices and says few of them reflect the cost of service provided.

The bulk handling authorities which like the rail authorities, are statutory monopolies in some states — aim for full cost recovery by generally pooling all costs and determining an average price per tonne for the service they provide.

This charge is paid by the Australian Wheat Board—the institution which compulsorily acquires the wheat harvest and markets it domestically and abroad.

The board in turn passes the handling charges on to growers the case of exports, port and shipping costs.

1983-34, while exports will sink economically cleared by road, reflects the relative efficiency to between 11m and 12m tonnes. Where the volume is above of different silos and port facilities.

At the same time low wheat 150,000 tonnes, it suggests rail lities.

gence in the cost of the rail
service. It says the rates a
particular grain grower pays
the rail authorities may be subthe rail authorities may be subpared with exports. According to the Commission, there is "dissatisfaction" with the current pricing policies of

both the transport and the bulk handling authorities. In its view pooling continues not for reasons of equity,

grower support or operational efficiency, but for administra-tive and operational con-Venience. Moreover, according to some submissions it has received, a more competitive environment

could lead to average cost savings for all wheat growers of up to A\$15 (£6.60) a tonne. The Commission acknowledges that existing institutions have made efforts to improve efficiency by administrative means, such as performance standards and incentive and penalty payments. But it says that the types of incentive structures found in competitive markets are very difficult to create through agreements and administrative methods, not least because the latter may not be cost-related and tend to be less flexible and less responsive to hange sive to change.

All in all, it clearly favours what it calls a "market driven" approach, in which there are cost-related price signals flowing in the system, rather than a "service driven" approach, in which a predetermined level of service dictates the level and

disposition of resources.

The details are still to be through a deduction from report at the end of this anomal marketing proceeds—adding its will give some views on the sort of system. spelled out. The Commission's report at the end of this month

How such a system might be put into effect will only emerge As with rail freight charges, after further hearings and ana-

LONDON MARKETS

COPPER PRICES on the London Metal Exchange reached the highest levels for several weeks yesterday as the cash Grade A position closed with a net gain of £29.50 at £1.122 a tonne. News of a tentative labour agreement at Ford Motor Company's US opera-tions aided the established bull trend, dealers said. They also noted substantial physical demand from the Far East, stop-loss buying, buying on behalf of commodity funds and some covering against potential options declarations. The aluminium market also came back to life after a

couple of relatively quiet days. Prices moved through a dollar-based resistance area dollar-based resistance area early on, prompting a wave of fresh buying and covering against short sales which saw the cash standard quotation close £28 higher at £1,958 a tonne. The only LME base metal to lose ground was zinc, with the cash quotation ending £3.25 down at £450 a tonne. Dealers said that there was Dealers said that there was little to encourage buying of zinc now that the Coming strike was over and talks about rationalising European production of the metal had production of collapsed.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% Unofficial + or High!Low purity close (p.m.) 3 per toose

1770-80 +45 --1720-80 +31 1715/1718 Official closing (am): Cash 1740-5 (1735-45), three months 1710-5 (1895-1705), settlement 1745 (1745). Final Karb close: 1720-30, Ring ternover: 2350 tonnee.

1057-9 +28 -1019-90 +18 1095/1014 Official closing (am): Cash 1095-7 (1031-3), three months 1022-2.5 (1001-2), settlement 1057 (1033). Final Karb close: 1023-4. Ring turnover: 21776 tennes. COPPER

Gratie A	Unoffici close 2 per 1	_	High/Low
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Official ele (1092-4), thre 8.5), settlem Kerb tiose:	ent 1125	n): C; = 1109 (1094	sah 1124-5 1-30 (1028- 1). Final
Standard Cash 5 months	1115-a 1104-a	+30 +36	= .

	Unofficial cicae (p.i 2 per	tonne	High/Low
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ittiomen lose :	1 396 (1 173-8, R	369). F ing torr	: 395,5-6 -8 (370-1), inst Kerb lover 8460 per pound.
IICK	E1		

Unofficial + or alose (p.m.) - High/Low

Cash 5 months	5285-90 3285-9	+40 +34.6	5270 5629/6290
(3240-6).	ologing (a three mon	the 3289	-90 (3239
40), settle tiose ; 32	ment 3280	(3245).	Final Ker
ZINC			

	High g ade	Unofficial + or close (p.m.) — & per tonne	High/Lo
-	Cash 5 months	449.5-50.8 —3.25 464.5-5 —2.5	461/46
t	3.5 (453-	closing (em): Car 4), three months settlement 453.5 (4	457.5
s I	8575 tonn	settlement 453.5 (4 s: 453-5. Ring es. US Prime ents per pound.	tumove/ Western

KUALA LUMPUR TIN MARKET I Clo 16.91 (16.92) ringgit per kg. Dov 0.01 ringgit per kg.

LONDON METAL EXCHANGE TRADED OPTIONS

	\$/tonne	Nov.	Nov.
Alumin- ium 99.7%	=	111	111
		Nov. Jan.	Nov. Jan.
Alumin- jum 99,5%	1,675 1,700 1,725	84 561 ₂ 70 471 ₉ 58 40	52 1144
Copper (Grade A)	1,750 1,800 1,850		27 65 451: 86 70 114
Copper (Grade A)		541s 561s	15 321 <u>e</u> 241 _e 44 87 571 <u>e</u>

GOLD BULLION (fine cunce) Sept. 17
Close
GOLD AND PLATINUM COINS
Am Eagle.\$473.478 (£28714-29014)

Many Real 3469 468 12 Krug. .. \$2541-544 14 Krug. .. \$2541-544 15 Angel \$469-472 1/16 Angel \$451-504 New Sov. \$1084-1094 Old Sov. ... \$1084-1094 Noble Plat \$58-608

MEAT COMMISSION — Average fat-stock prices at representative merkets. GB—Cattle 97.74p per kg lw (0.03). GB—Sheep 155.48p per kg est dew (7.84). GB—Pigs 76.22p per kg lw

US MARKETS INDICES

REUTERS

DOW JONES

Sept 17 Sept 16 M'th ago Year ago

1664.2 1654.7 1673.2 1806.43

(Sess: September 18 1931 = 105)

Spot 128,91 128,21 — 122,68 Fut 151,02 130,80 — 125,29

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

Copper ... 21122 +24.5£1079.5 3 months £1107.5 +30 £1867.25 Gold Troy oz £460.5 +2 £466.75 Lead Cash £392 +4.5 £401.5 3 months £574.6 +2.5£363.75

EARLY FUND short-covering coupled with light bank buy-ing steadied gold before commission house selling emerged at the highs in an otherwise quietly traded ses-sion, reports Drexel Burnham Lambert, Silver moved higher on trade and local buying but the funds were noted sellers at the highs. Copper firmed on fund buying, especially towards the close, and new

contract highs were again reached as stops were elected. Trade selling eased crude oil before local and commission house buying helped prices recover slightly before locals liquidated long positions. Coffee rallied on commission house, local and stop-loss buying. Cocoa initially eased on speculative selling, but recovered on trade and local buying. Sugar rallied sharnly buying. Sugar railited sharply on speculative, scattered trade and stop-loss buying. Cotton tended to consolidate as the market assessed recent fundamental news. The means were easier across the board, cattle on continued commission house liquidation, the hogs and belies on weaker cash prices. The grains were thinly traded. Commission house and commercial buying firmed soyabeans and meal, while teamber and recorded.



Robusta's spent 8 quiet day trading in this conditions with light volume, reports Drawel Surham Lembers.
With no new fundamental fectors the
market remained subdued, designs
being very much withdrawn absed of
the terthooming talks. Drapits New
York's 'early 'studdings London remained lethangle during the afternoon.

Sales: 1,485 (2.270) jots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 16; Comp daily 1878 104.15 (104.18); 15-day average 105.63 (105.51).

in relatively thin trading conditions the market made the opening due of 25 lower before steedying, however, towards the close the merket essend to finish sear the day's lowe. Both origins and manufacturers remained withdrawn from the market, reports 5fill and Duffus.

Sales : 2,392 (4,996) low of 10

ICCO indicator prices (SDRs per tonns). Daily price for September 17: 1540.33 (1546.43); 10-day sverage for September 18: 1528.78 (1531.51). FREIGHT FUTURES

T. G. Roddick.

HGCA — Locational ex-farm s prices. Feed barley: S East 98.70, Mids 95.70, N West 96.50. The monetary coefficient for the weak planing Monday, September 21

Heavy rainfall over much of the UK overnight lifted prices, but trade remained thin, reports Coley and Harper.

Sales: 430 (571) lots of 40 tonnes.

CRUDE OIL-FOB (8 per barrel) Oct.

Prompt delivery oif (Sper tonne)

SOYABEAN MEAL

News of a Soviet purchase of 300,000 tonness of soys meet pushed prices higher early on. Good two-way commercial trade and professional short-

covering was noted at these levels, tate in the day prices assed on a disappointing performance in Chicago, reports Muirpace.

Sales: 552 (90) lots of 20 tonnes.

Yesterd'ys + or Business close - done

Gas Oil......

Heavy fuel Ol...... Naphtha

Latest H or -

18.42-18.47 -0.165 19.63-19.67 -0.175

Yestarday's Previous Business close close done

POTATOES

A featureless day but good two-way business was conducted in the range satishished over the previous two days. Gulf/Holland was reported lower at \$2.25 for the good size yeasel, but appears to have had no marked effect on the lutures, reports Clarkson Wolff.

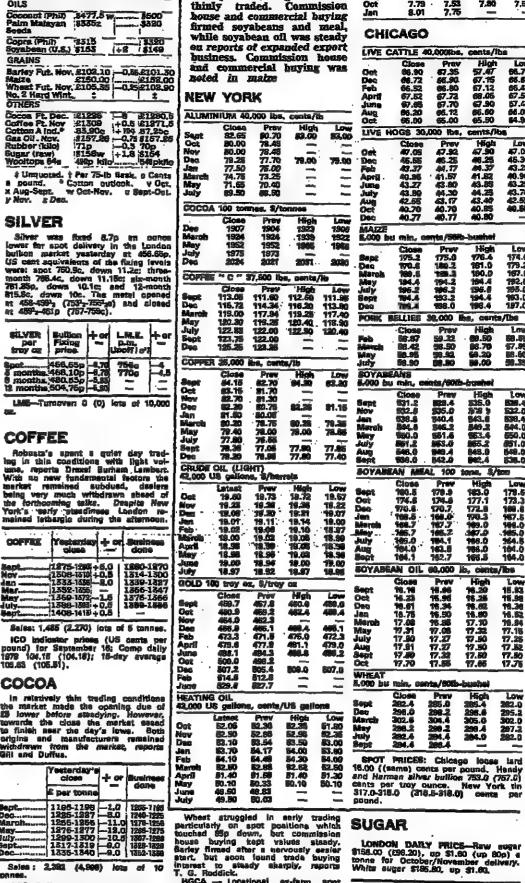
Close | High/Low | Prev.

Turnover: 141 (182). GRAINS

LORDON GRAINS—Wheet: US dark rorthern spring No 2 14 per cent Oct 96,25. Nov 97.50. US No 2 soft red winter Oct 91.25, Nov 93.75. Dec 95.25. Franch 11½-12 per cent Sept 135.50 sellers. English teed tob Sept 105.00-105.50 buyer/sellers. Oct 107.50 buyer/sellers. Oct 107.50 buyer/sellers. Oct 107.00-110.75. Jan-Merch 110.00-110.50, April-June 114.00-114.50 buyer/sellers. Maize: US No 3 Yellow/Franch transhipment sest coest Sept 150.00 seller. Parley: English teed Sept 150.00 seller. Parley: English teed Sept 150.00 celler 106.50 sellers. Jan-March 109.50-110.25 buyer/sellers.

buyar/sellers.						
	TABHY		BARL			
Month	Yast'rdy's close	_	Yest'rdy's close	- 01		
Sep Nov Jen Mar May July	104.70 105.35 107.35 111.00 118.65 114.75	-0.15 +0.25 +0.25 +0.90 +0.90 -0.95	100,25 102,10 106,00 107,00 108,80	+0.8 +0.5 +0.5 +0.5 +0.8		

Business dons—Wheat: Sept 104,70, 4.00, Nov 106,36-4.85, Jan 107,35-7.00, Har 110,05-8.70, May 112,90-2.40, July untraded. Sales: 444 lots of 100 tonnes. Barley: Sept 100,25-99.50, Nov 102,10-1,50, Jan 108,00-4.35, Mar 107,00-6.50, May 108,65-8.35, Sales: 189 lots of 100 tonnes.



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STEELERS.

S per torms

210,0 205,0-206,0 219,0

Sales : No 6 3,528 (2,922) lots of 50 tonnes; No. 5 1,803 (2,039).

Tete & Lyle delivery price for grent-listed basis sugar was £200.50 (£200.00) a tonne for export. International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for September 16: Dally price 586 (5.72): 15-day average 5.58 (5.55).

PARIS—Whites (FFF per tonne): Oct 1,134-1,116, Dec 1,158-1,150, Mar 1,210-1,220, Aug 1,235-1,245, Oct 1,280-1,275.

GAS OIL FUTURES

uss

ciose __

Turnover: 3,048 (3,571) lots of 100

PHYSICALS—closing prices (buyers): Spot 71.00p (71.50p); Oct 70.50 (71.00p); Nov 70.75p (71.25p). The Kuala Lumpur fob prices (Molay-Singa-pors cents) per kg was: RSS No 1 Z71.0 (Z71.5); SMR 20 256.0 (255.0).

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RUBBER

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

emper 19 18

Commence (Control of Control of Commence (Control of Control of Co

| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 10

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OIL FUTURE

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Private March 1997 (1997) (199

AGO

Pound firm but cautious

per cent.
Today's money supply figures could provide the key to whether sterling will remain within its recent trading range (regarded by some as a shadow range of full EMS membership) or whether the Bank of England will have to flex its muscles and defend the DM 3.00 level with conviction.

Sept. 37	W YORK	Provious Close
i Spot	1.6453-1.6463 0.30-0.29pm 0.93-0.90pm 2.78-2.66pm	1.6455-1.6465 0.30-0.29pm 0.93-0.91pm 2.76-2.68pm
Forward pres	slaves and discon	mit apply to the

		Sept. 17	Previous					
8.30 9.00 30.00 11.00 Noon 1.00 2.00 3.00 4.00	and accordance of the control of the	73.2	137 137 137 137 137 137					
CURRENCY RATES								

Sept. 17		Special Organism Highes	European Carressy Usek
Starting U.S. Dollar Connellor \$ Accirtan Sch	33	0.78460 1.2907	0.494945 1.12361 1.50186 14.6130
Belgian Frans , Durish Krone Doutsche Mark		48.5257 1.00888 2.3391	43,0897 7,99908 2,07646
Neth Golder French Franc Itelian Ling Januarese Year	40; 12 20;	M/A 285.40	2.33658 6.92440 1499.17 164.388
Norsky Krose Special Pearts Specifish Krose	772	WA	7.60810 138.911 7.29567
Swiss Franc	波,	178.792	150 502

CURRENCY MOVEMENTS

Sept. 27	Bank of England Index	Morgan Goaranty Charges %
Starting U.S. Dotter Consider Updar Austrian Schilling Belgion Franc Dasish Krone Deutsche Hank Swiss Franc Guitter Prench Franc Link Yen	73.2 100.9 78.5 137.4 99.7 90.6 146.5 172.4 134.8 71.4 47.2 221.9	-203 -51 -57 +100 -4.7 +10 +21.4 +22.5 +163 -182 -183 -183
Morgan Guaranti	changes: 4:	rerage 1980-

1975=100).		and (See Section
	CURRENCE	ES .
Sept. 17	-	\$
Argentine	4.0335-4.0525	24490-24590
Australia Brazil	2.2435-2.2465 81.9588-82.4185	1.3646-1.3655 49.7470-49.9960
Finland	7.2335-7.2445	43960-43980
Hone Kone	226.40-230.25 12.8000-12.8080	137,60-139,90 7,8035-7,8065
ر برسی درسی	117.70*	71.15
	1320.45-1332.40	802,80-809,40 0,28130,0,28130
Kımak	61.95-62.05	37.60-37.70
Malaysia	4.1450-4.1680	2.5220-2.5230
	2537.15-2546.95 2.5820-2.5870	1540,00-1565,00 1,5440-1,5680
	61765-61815	3.7500-3.7510

MONEY MARKETS Better tone

SENTIMENT ON the London money market was slightly better yesterday, after encouraging UK economic news so far this week. Wednesday's news of half the another £52m bank bills in band 1 at 9% per cent. In the afternoon expected Public Sector Borrowing Requirement for Angust, and about double the rate forecast for July industrial production set the type.

Late assistance of around £50m. Bills maturing in official hands,

The market is in the middle of a concentration of figures, but has not yet been disappointed. The fall of 43,300 in August unemploy-ment, with the underlying rise in July average earnings remaining

UK clearing bank base lending rate 10 per cent

liquidity.

UK clearing bank base lending rate 10 per cent since August ?

at 7.75 per cent, while unit wage costs rose at an annual 1.7 per cent; compared with 1.2 per cent in June, were in line with with expectations.

Dealers noted that the median forecast for today's August bank lending is £2.5bn, according to a survey by Money Market Services, compared with recent estimates of around £2.75bn, and the published figure of £4.9bn in July. This suggests that unleas there is a substantial improvement in recent figures the market will be disappointed.

Three-month interbank eased slightly to 10½-10 per cent from 10½-10 per cent yesterday.

The Bank of England initially forecast a money market shortage of £250m, but revised this to £200m at noon and provided total assist-

at noon and provided total assist-

Serling showed a favourable but restrained response to further encouraging economic data. Investors seemed determined to wait for today's bank lending and money supply figures before making any decision. Even if these are satisfactory, serling's recent strength has been sufficient to arouse fears of central bank intervention.

Sterling spened at around DM 2.99 which was a little too close to the DM 200 level regarded as a trigger point for Bank of England intervention. Consequently there was no make health in the bear with a trial of strength.

Yesterday's economic data showed that UK sumployment feel by a record amount for Angust its 23m or 10.2 per cent while the second quarter current account feelit by a record amount for Angust its 23m or 10.2 per cent while the with a trial of strength.

Yesterday's economic data showed that UK sumenployment feel by a record amount for Angust to 23m or 10.2 per cent while the with a trial of strength.

Yesterday's economic data showed that UK sumenployment feel by a record amount for Angust to 23m or 10.2 per cent while the with a trial of strength.

Yesterday's economic data showed that UK sumenployment feel by a record amount for Angust to 23m or 10.2 per cent while the with a trial of strength.

Yesterday's upward revision of the dollar finished at DM 1.8155 and Y163.35 compared with Y144.35. Elsewhere it was unchanged at SF 7 5.055 from FF 2.174m, helped by an upward revision of the dollar showed in the collar variety of a collar showed that UK sumenployment from the dollar showed th

	Ece central rates	Currency announts against Ecu Sept 1.7	% change from Gentrali rate	% change adjusted for divergence	Divergence				
rigion Franc nith Krone rrich D-Mark cont Franc tot Gallder the Gallder	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1,483.58	43.0897 7.99308 2,07646 6.92440 2.33658 0.774165 1,499.17	+1.49 +1.80 +0.87 +0.30 +0.74 +0.75 +1.05	+0.77 +1.08 +0.15 -0.42 +0.02 +0.03 +0.95	± 1.5344 ± 1.6404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752				
noges are for Era, therefore positive change denotes a weak currency.									

ept 17	Day's spread	Chee	One month	% PAL	Time:	NA.
	1.6420-1.6490	16460-16470	0.30-0.27 @	2.00	0.94-0.90 am	2.24
di	2.1627-2.1690		0.15-0.05 c pm	0.55	0.31-0.23 pm;	0.53
ortands .	3.354-3.364	3.35%-3.36%	Da-Da c pas	4.47	33-35 00	4.47
میآ	61.95-62.20	61.45-62.05	20-15 c mm	3.39	56-47 am	332
sark	11.49-11.52		len-liere de	-0.33	par-l, pa	-0.33
md	1.1125-1.1165		0.11-0.04c pm	0.81	0.31-0.17 pm	0.86
crossy .	2984-2974	2.984-2.994	1/2-1/4 of par	5.52	Cartle pas	5.69
	234.78-236.20	235.04-236.00	69-139 c ds	-5.51	257-541 de	-5.00
	199.70-200.30	299.72-200.01		-6.24	244-96 dis	-5.40
	71551-21614	2158-2159	7-11 fee ds	5.00	20-24 da	-4.08
T	J0.494-10.949 ₂	10.931-10.9412	39-37 at 46	-4.04	39-10% da	-3.77
	9.954-9.974	9.961-9.9712	17-14 c pa	2.18	47-4 see	1.78
		30,094-10.504		6.51	Mel pm	0.52
d	2357-237		11-1 y pa	5.68	3234 gat	5.58
de	21.00-21.10		14-64 go pa	5.31	287-261 ₂ pm	122
erieni	2474-2484	2,471-2,4814	13-14 c per	6.05	34-35 pm	6.05

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Sept. 17	Day's	Cless	One month	% BA	Three	% RA
110	1,6420-3,6496	14401400	0.30-0.27c	_	0.94-0.90	_
retant?		1.4785-1.4795	0.17-0.17:		0.57-0.47	14
Canada		13050-13066	0.150.10c es			-17
Hetherlands .		20020-20000			1.17-1.12mm	22
Belgion	37.60-37.72		5.00-3.00c mm		12.50-8.50m	1.3
Demont	6.971-7.00				2,70-3.40	-1.7
W. Germani .	1.0115-1.0100		0.55-0.506 mm			3.4
Portuguel	1425-1434					-9.0
	121.15.121.71		70-90z de			-7.4
taly	1308-1513				20.00-21.50-04	-6.3
iorus	660-660		325360pr de			-44
Transition	600-6064		0.05-0.15 de			-0.4
	4.37-4.364		0.46-0.95 ore de	-1.60		-1.7
-	343.05-143.95		QA3-QA0 ₁₋₀₁₈		131120	
	12.751-12.794	12.77-12.77%	40030000	3.28	10.50 S. Then	2.9
	1.505-1.505	13050-1.5060	0.45-0.4% see	346	LAS-LAL par	3.4

. † UKard Archael are quoted in US corp.

SURO-CURRENCY INTEREST RATES									
Sept. 17	Short term	7 Days notice	Úme Month	Tires Mentius	Six Months	One Year			
serling	74-74 84-84 54-54 34-34 34-34 34-34 64-64 34-34 84-84	特人 不不 等 等 等 等 等 等 等 等 等 等 等 等 等	98.44 74.75 85.54 98.54 98.54 98.47 74.77 13.12 65.44 65.44 10.95	104-91 73-74 94-94 54-54 313-31 64-64 64-64 64-64 10-74	10-10-1 91-4-1 91-4-1 91-4-1 91-4-1 91-4-1 91-4-1 10-1 10-1 10-1 10-1 10-1 10-1 10-1	10-10- 33-53 10-10- 5-5- 6-4- 4-5- 9-9- 14-13- 7-7- 43-4- 10-10-			

Long-term Emodellars: Two years 59,5%; per cent; three years 59,5%; per cent; four years 59,5%; per cent; three years 103,592 per cent accumel. Short-term rates are cell for US Delians and Japaneses Ven; three days' notice.

lept. 17	. &	\$ -	DM	Yes	F.Ft.	5 Fr.	H PL	Lips.	C \$	BR
4 5	0.607	1647	2.98s 1.815	296.0 143.4	9.970 6.055	2.478 1.506	3.363 2.003	2159. 1311	2167 1316	62.00 37.60
DM	0.355 4.257	0.551 6.977	12.66	79.00 1000.	137	0.829 10.50	1125 1425	725	0.725 9.180	20.7: 262
F Pr. S Fr.	1.003	1.651	2.9% 1.2%	256.7 95.26	10. 4.024	2/65 1.	3.373 1.357	2165. 871.2	2.173 0.474	62.14 25.05
H Pt.	0.297	0.490 0.763	0.808	70.19 209.5	2965 4A19	0.757 1.148	1 1550	441.9 1000	8.644 1.804	38.44 第72

Sept. 17	. 6	\$-	DM	Yes	F PL	S Fr.	HPL	Lips	CS	B Pr.
4 5	1. 0.607	1647	2.90s 1.815	236.0 143.4	9.970 6.055	2.478 1.506	3.363 2.043	2159. 1311	2367 1316	62.00 37.66
PM	0.355 4.237	0.553. 6.977	12.66	79.00 1000.	337	0.329 10.50	1125 14.25	125 1246	9180	20.75 262.7
FPr. SFG	1.003	1.651 0.665	2.9% 1.206	254.7 95.26	10. 4.024	2455 1.	3377 1367	2165. 871.2	2.173 0.474	62.19 25.09
H Pt.	0.297	0.490 0.763	0.808 2.304	70.19 209.3	256 4419	0.757 1.140	1 1550	641.9 2000.	8.644 1.804	38.44 28.72
C S B Pr.	0.462 1.613	0.760 2.656	1.379 4.515	108.9 301.6	4.602 36.08	1.144 3.996	1.52	9%3 3481.	3.494	28.62 200.
You per 3	fem per 1,000: Franch Fr per 10: Liru per 1,000: Seigles Fr per 100.									

FT LONDON INTERBANK FIXING

/22 /00 and Card 22	7) 3 months U.S. dollars	1 4	U.S. dellers
Ne 7.5) offer 75	MAS.	offer 8%
he fixing rates are ti	e arithmetic moves, row	oded to the mearest con	-statements, of the bid
Hered rates for \$10m :	quoted by the murket to fit I Westminster Bank, San	reference basis at 11	LOU BUIL COCK WORKING I
aris and Morgan Gas		a or ronge, besselve a	and needs present
ONEY RATES	_		
TAINET HAVING			
EW VINDIE		Transmir Miles and	t Bende

Late assistance of around £80m. Primate has was also provided.
Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained \$237m, with a rise in the note circulation absorbing \$50m, and bank balances below target £50m. These outweighed Exchequer transactions adding £85m to liberality 3.80-3.95 72-74 72-34 54-52 3.78125 124-124

rumbfurt aris burish bu	3.60-3.70 74-72 7-14 51-5-7 3.26125 114-124 7-10 8-84	3.00-3.95 72-74 32-34 54-52 3.78125 124-124 64-62 94-94	3.80-3.95 78-74 	3.854.00 711.782 39-34 52-54 3.78125 129-13 69-64 99-94	425-4.40 89-892 99-10	5.0 72
LONDON MON	EY RATI	ES ·				
Sept. 17	Gver- sight	7 days notice	Manda	Three Mostlis	Str. Months	One Year
sterbeek kersing CDs. coal Autifrity Dept	94 94 197 94	9-% - % - % - % - %	98-92 98-52 98-98-98-98-98-98-98-5-5-5-5-5-5-5-5-5-5	10-10 10-98 10 10-95 10-10 10-10 92 92 102 740-7-55	102-104 104-105 105 105 105 102 	103-105 105 111 105-186 104
DR Linked Deposits	1 =	_	99-94	64-64	100-05	12.12

El Salegio

Esperied Calous ...

Dapiek Krone Pound* Dollar (1) Marida

C.F.A. Franc.
Dolos!
Ostmark (a)
Ocutsche Mar

Traceury Bills (sell); one-month 9 & per cent; three-month 9 & per cent; Stank Bills (sell); one-month 9 & per cent; three-month 9 & per cent; Stank Bills (sell); one-month 9 & per cent; three-month 9 & per cent; Stank Bills (sell); one-month 9 & per cent; three-month 9 & per cent; Traceury Bills; Average tender rine of discount. 9.7348 p.c. ECGD Fined Rate Storting Export Finance, Make up day August 20, 1987, Agreed rains for period September 25 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & Hil. 13.11 p.c. Raterence rate for period August 21, to August 28, 1987, Scheme II: 10.037 p.c. Local Authority and Finance Houses Saves days' notice, others seven days' fixed, Finance Houses Save Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sents as seven days' notice 3-39 per cent, per cent; three-six months 10 per cent; six-sisse months 10 per cent; under £100,000 8 per cent from September 15, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Economic news boosts gilts

An unchanged underlying rise of 7.75 per cent in July average earnings was in line with expectations, and the year-on-year increase of 1.7 per cent in unit

The control of the co

Clase High Law Pres. 100.35 100.44 100.28 100.17 99.75 99.75 99.75 99.57 Red Volume 499 (407) As day's open int. 734 (764)

98,70 98,70 98,56 91,78 91,78 92,45 91,72 93,46 93,42 91,45 93,57 93,56 91,53 91,57 93,56 91,53 91,50 (4,60) 40/3 april int. 15,300 (18,20)

Cince (High Law Pres. 225.30 250.00 227.40 225.40 250.00 250.00 225.00 236.65 250.00

Clost High Law 91.63 91.69 93.59

Close High Law Pres. 63-06 83.08 63.00 82-13 82-13 82-22 82-52 82-50.0 83-00 82-13 62-16 4

90.13 90.88 90.50 90.50 90.36 90.22

COUNTRY

91.63 92.69 90.69 90.95 9 90.70 90.71 9 90.53 90.37 9 90.53 90.36 9 90.25 90.25 9 4 where 5,650 (7,250) day's open int. 25,946 (

CURRENCY FUTURES

POUND—\$ (FOREIGN EXCHANGE) Spot 1-mth 3-mth 6-mth, 1,6465 1,6436 1,6373 1,6297

1 wg 2 990,533 BHILING 5 PM E

Latest High Law 1.6395 1.6405 1.6348 1.6330 1.6330 — 1.6250 1.6250 —

Close High Low 16392 16366 14366 16317 r. 1.6317 — — Inthus volume \$12 006 More day's open lat 146 (1.46)

LIFFE £/\$ OFTIONS £25,000 (cests per £1)

LONDON

LONG TERM glit futures were firmer on the London International Financial Futures Exchange, but cast. These figures, coupled with nervous ahead of today's figures on UK money supply and bank borrowing. These are generally expected to show that borrowing in August was only about half the July figure of 24.9bn.

UK economic news so far this week has been encouraging, including yesterday's data on average earnings and unemployment.

An unchanged underlying rise

made progress on an agreement to

146. 020 0.01 0.13 0.81 2.79 6.33 30.89

0.40 0.75 2.70 4.30 8.40

CHICAGO

0ec. #8er. 0.55 2.65 1.25 2.70 2.10 3.60 3.40 5.10 15.00 6.70 7.90

Sentiment was also helped by a steady dollar and a larger than expected fall in August US housing starts of 1.5 per cent, but dealers suggested this was likely to be regarded as a chance to sell

December Treasury bonds opened firmer at 82-14, around the middle of the day's range of 82-01 to 82-22, and closed at 82-12, compared with 81-16 on Wednesday.

In Tokyo there were reports of

previously.

US Treasury bond futures improved on Liffe, on reports that US Congressional negotiators had

some retail interest in Japanese Government bonds, but not in the

benchmark 89 issue, which was sold by dealers on doubts about the future direction of US interest

S. G. Warburg & Co. Ltd. Paying Agency, 5th Floor, 1 Finabury Avenue, London EC2M 2PA The compact size Let October 1987 may be presented for payment at BANCO EXTERIOR—U.K., 60, Landon Wall, Landon EC2P 2JB, between the hours of 10 a.m. and 2 p.m.

LIFFE IS THEASINY SOME PUTURES OFTIMES
Strike Calculate Perculati
Price Dec March Dec Morch
78 5.01 4.50 0.61 1.18
90 3.37 3.33 1.13 2.01
82 216 232 1.56 3.00
84 1.13 1.45 2.53 4.13
85 8.37 1.07 4.13 5.59
38 6.18 0.46 5.58 7.13
50 0.08 8.27 7.48 8.59
92 0.03 6.16 9.43 30.48
Estimated volume total, Calic 147 Pais 171
Previous day's open lat: Calic 718 Pais 501 3% PERMANEUT DEBENTURE STOCK NOTICE IS HEREBY GIVEN that the Transfer Replace will be closed from 12-bi October 19 30th October 1987, both dates Inclusive. THE ROYAL BANK OF SCOTLAND. Calls Last Nor. Dec. 12-02 14-60 14-40 4-50 9-40 4-95 5-35 2-90 2-40 8-70 1-00 — 1-10 — 1-10 mate Calls 195 0.30 0.45 1.20 3.15 6.75 1455 140 645 345 140 140 140 030 030 045 230 649 0.00 150 150 150 150 150 150 150 At a meeting of the Board of Directors held today, a quarterly dividend of Rifteen cents C.5. cents) Canadian per share on the misstanding Ordinary Shares was declared, proble on October 28, 1987 to holders of record at the close of business on September

By order of the Board O. J. Deegan Vice President and Secretary Instrum, September 14, 1987. CLASSIFIED **ADVERTISEMENT RATES** Per äne (mm, 3 iung) 12.50 MPANESE YEN (IMM) YJ2.5m \$ per YJ10 0.6999 0.7007 0.7070 0.7073 0.7145 0.7146 13.00

92.61 92.61 92.65 90.66 90.40 90.28 90.28

91.69 91.22 90.95 90.57 90.44 90.30 90.23

90.52 90.40A 90.28A 90.67

ngie Column cm extra (Min 30 cm All prices exclude VAT 91.61 91.14 91.14 90.87 For further details write to: FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4P 4BY

LG. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SWIW OBD

SWORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the vates of exchange for the U.S. dollar against various currencies as of Wednesday, September 16, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per noc U.S. dellar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, Bank of America MT & SA does not undertake to trade in all fisted foreign currencies, and neither Bank of America MT & SA nor the

CURRENCY

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto 24-hours a day trading capability. Enoutries: 03-634 4360/5, Dealing: 03-236 9861.

CHRRENCY

VALUE OF DOLLAR

201.00 380.50 0.70 2.162

5.00 5.00 302 10 2.07

1.2776 4.391 6.042

332.10 6.042 109.854

302.10 7.84 1.8119

COUNTRY

ECU=\$US1.14555 SDR1=\$US1.29096 As of September 16, at 11.00 a.m. 3 months Eurodoliar Libor: Sibor: 発

60.263 3.573 1.6458 244.50 0.629 109.996 1307.45 14.50 7.50 32.45 80.00 1.00 1.00 0.343

0.343

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	Lek	6,1368	Greece	Dractoria	138.43		(Guaratii (o)	320.00
peria	Disar	4.67	Greenland	Danish Krone	6.9775	Paragray		550.00
	(French Franc	6.042	Grenada	E. Cartbbenn S	2.70		Guarani (d)	838.00
data	Streets Pagets	121.60	Gendaloupe	Evans	6.042		finti (n) (n)	15.89
oslo		29.918	Com	115 8	1.00	Pers	linti (f)	37.50
Ligaz		2.70		Character (a)	1.00		CIRC (I)	20.63
		2.454	Custemela	10 etcal (b)	2.675	Philippines	Pero	1.566
162		179	Guinea Birsan	Conscious (of th	850.00	PIRCHIR ISSUED	N.Z. DOOM	
			desiring proper ************************************	reso.		Poland		286.95
stralie		1.3618	Galante Republic	1 France	340.00	Portugal		142.83
stria et to		12.7525		(Franc tp)	300.00	Puerto Rico	U.S. \$	1.00
PR	Portuguese Escuis	142.83	G-9245		10.00			
				(Dollar (d)	20.00	Caster	Riyal	3.641
hannes	Doller	1.00	Haiti	Courde	5.00			1
	Distr	0.3769	Honderas Republic	Lempira (a)	2.00	Receive tale the la		6.042
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Ayfadesh		33.03	Huggary	Forfat	47.685	Rwanda	Franc	79.561
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¥=	(Franc (c)	37.575	Iceland	Kromt.	38.85			2.70
-	(France (f)	37.765	India		12.98	St. Helena		1.649
ibt	Dollar	2.00	Indonesia	Rupiah	1648.00	St. Lucia	E. Caribbean \$	2.70
nin	C.F.A. Fines	302.10	Iran	Rial (a)	71,4973	St. Pierre		6.042
17000	Dollar	1.00	frag	Distar	0.3109	St. Vincent	E. Carthbean \$	2.70
·	Nonformo	12.98	Irish Republic	Part*	1,4786	Samoa (Western)	Tala	2.1114
	(Boliviago (e)	2.09	Israel		1.60	Samoa (Am)		1.00
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P47	Pula	1,6852				São Tomé & Princip OR	Dobra	35.0515
		47.596	Jamaica	Dollar (e)	5.50	Sandi Arabia	Rival	3.751
		2,092	Jacob		143.77	Senegal	C.F.A. Franc	302.10
garta		0.8775	Jordan		0.346	Sevebelles		5,604
ride Fee		302.10	Kamsuchea	Riel	na.	Sterra Lease	Legne	22.50
			Kenya	Shifting	16,6383	Simpore		2.092
(Mi)		6.6565	Kirlbut	Australian Dollar	1.361R	Solomon Islands	Dollar	1.9881
	Franc	124.714	Korea (North)	Won	0.94	Somali Republic	Shillion (d)	132.60
5400m Pa	C.F.A. Franc	302.10	Koree (South)	Won	806,40	Sould i teboon	formal (f)	3,30%
19	Coffee	1.3166	Kernalt	Diese	0.2871	South Africa	Donal (a)	2.0463
nery islands	Sozeki Pessia	121.60	Laos P'les D Rap	Kla	35.00	Spain	December 1	121.60
		72,405	Lebarron	Pownd	271.00	Spanish ports in	r (arcia	ستنس ر
verte islands	Elizabeth State of the State of		Lesotho		2,0463	North Africa	Countries Barreton	121.60
man istends	Dollar	0.835	Liberia		1.00	Sri Lania	Spanish resear	29,864
stroi Africa Rep	G.F.A. Presid	302.10			0.2974	317 LENG	(Pound (a)	
	C.F.A. Franc	302.10	Libya		1.5017			2.45 2.93
*	Pess (a)	224.31	Lecenboury		37.575	Sudan Repúblic	Pound (K)	
	Pharmsistel Yaskii	3.722	CERTIFICATION	Presembond Little	31.313		Poend (f)	4.00 1.785
ombia		252.53	Marao	Pataza	8.0386	Suriner	Guilder	
TO 105	C.F.A. Franc	302.10	Madagascar Day, Ro.	Franc (2)	1351.13	Swaziland	Lilangeni	2.0463
790 People's Rep. of .	G.F.A. Franc	302.10	Madeira		142.83	Sweden	Кгопа	6.373
Als Rica		63,73	Malawi	Karacin	2.2512	Switzerland	Franc	1.5017
a d'Ivoire	C.F.A. Forms	302.10	Makersia		2522	Syria	Pound (a)	3.925
	Peso	0.7847	Majdive Islands		2020	Tabasa	Della- (a)	30.10
Park	Poged*	2.0734	Mail Republic	CEA Down	302.10	Talvan	Collar (a)	58.793
chacipuskia	Korasa (a)	5.50				Tanzania	Suit Hod	
			Malta		2,9028	Thailand	Baht	25.76
	Krute	6,9775	Martinique	LUNC	6.042	Togo Republic	C.F.A. Franc	302.10
Souti Rep. of		177,721	Mauritapia		74.80	Tonga Islands	Pa'anga	1.3618
Walco	E. Carthern S	2.70	Maurities	Rupee	1 23.175 1	Trinidad & Tobago	Dollar	3.60
nice	Perc	319	Meda	(Peso (d)	1527.50	Tunisia	Dipar	0.83
			Minute Committee of the	(Peso (e)	1523.70	Turkey Turks & Caicos Islands _	Lira	913.83
	Sucre (d)	201.00	Microsion	French Franc	6.042	Turks & Caicos Islands _	US S	1.00
	Socre (f)	380.50	Monaco	French Franc	6.042	Tyente	Australian Dollar	1.3618
	Commercial Color			- 3. /- t				

839.29 118.837 8.0128 1.6838 17.564 1.00 a.s. Not available. (m) Market rate "U.S. deliars per National Currency unit. (a) Parallel Rate. (b) Official rate. (b) Floating Rate. (c) Commercial rate. (d) Frommarket. (e) Controlled. (f) Floating Rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (j) Public Transaction Rate. (k) Agricultural products. (ii) Priority Rate. (ii) Experts. (j) Experts. (j) Fig. 29 June 87: dollar devalued by approx. 17.75%. (2) Madagascar, 29 June 87: Franc devalued by approx. 36%. For further information please contact your local branch of the Bank of Asserting.

S. A. Ramd
Australian Oollar
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(Cordoba (a)
Cordoba (d)
Cordoba (d)
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2.0463 1.3618 21.00

900.00 70.00 2190.00 302.10

0.385

Yemen PDR .

RIGGS NATIONAL CORPORATION US\$60,000,000

Floating Rate Subordinated Notes 1996

Company Notice

In accordance with the provisions of the notes Notice is Hereby Given that for the period 18 September to 18 December 1987 notes will carry a rate of interest of 715 per cent per annum with a coupon

TORAY INDUSTRIES, INC.

(formerly Toyo Rayon Kabushiki Kaisha)

United Kingdom shareholders are

advised that copies of the Annual Report for the year ended 31st

March, 1987 are now available

SPANISH 4% EXTERNAL LOAN

CITY OF MONTREAL

CANADIAN PACIFIC LIMITED

Chemical Bank as Agent

DIMOSIA EPIHIRISIS **ELEKTRISMOU** (Public Power Corporation)
psychology Floating Rate Notes dut 1997

Motice is hereby sheet that for the interest period commencing on 21st September 1987 the Notes will bear interest at the rate of 75% per ansum. The interest payable on 21st December 1987 against Coupon No. 5 will be ECU 19.2743 per ECU 1,000 pominal Fiscal Agent ORION ROYAL BANK LTD.

Legal Notice

No.003750 of 1987 the High Court of Just Chancery Division is the Matter of JARVIS PORTER EROUP PLC

NOTICE IS HEREBY GIVEN that a Petition was, on the 23rd July 1987, presented in Her Majesty's High Court of Justice for the confirmation of the concellation of the Share Premium Account of the above-named Committee.

Premium Account of the above-named Company.

AND NOTICE is further given that the said petition is directed to be heard before the Honouralist Mr Justice Peter Glason at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 5th day of October 1987.

Any creditor or Contributory of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the State Premium Account should appear at the time of hearing in person or by Coursel for that purpose.

A copy of the said Petition will be insuished to any such person regetting the same by the undermentance Solicitors on payment of the regulated charge for the same.

Solicitors for the above-numed Company and this 10th day of August 1987 INSTORE PHARMACY LIMITED (IM RECEIVER SHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 4862 of the insuhency Act 1986, that a reseting of the suscented creditors of the above-named company will be held at The Griffin, 10 Church Rosel, Convertism, Rending at 10.50 am or 2nd October 1987 for the purpose of having laid before it a copy of the repart prepared by the Administrative Receiver under section 48 of the said Act and, if thought fit, appointing a convenience.

Creditors are only entitled to vote if:
(a) they have delivered to me at the address shown below, no later than 12.00 hours on 1st October 1987, written details of the debts they claim to be than to them from the company, and their claims lasse been dely admitted under the provisions of Rule 3.11 of the improvince of Rule 3.11 of the improvince of Rule 3.11 of the transvency Rula 1985; and

FT 30 1812/18 1847/54 FTSE 100 +29 +29 Sept Dec 2302/9 2347/54

Single column cm (min. J cms) £ 43.00

44.00

VALUE OF DOLLAR

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

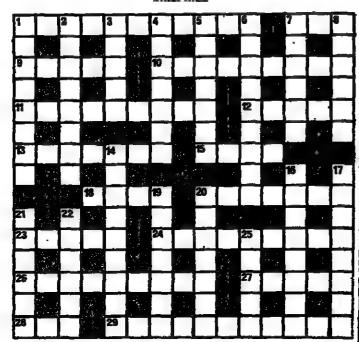
NATIONAL AND REGIONAL WARKETS		THURSD	AY SEPTEME	ER 17 1987		WEUNESDAY SEPTEMBER 16 198			DOLLAR INDEX		
Figures in Darrentheses show muniter of atocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93) Austria (16) Belgium (43) Canada (129) Denmark (39) Frânce (121) West Germany (92) Hong Kong (45) Ireland (14) Italy (76) Japan (458) Malaysia (36) Mexico (14) Norway (24) Singapare (27) South Africa (61) Spain (45) Sweden (33) Switzerland (53) USA (586) USA (586)	115.80 114.55 102.26 143.28 142.45 142.45 173.59 124.06 138.37 165.65 182.23 165.92	+0.4 +0.0 -0.4 +0.5 +0.5 +0.5 +0.2 -0.7 +0.2 +0.1 -0.6 +0.4 +1.0 -0.1 +0.9 +0.4 +1.0 +0.4 +1.0 +0.4 +1.0	160.26 88.45 115.01 107.27 103.15 92.08 129.02 128.27 156.37 340.17 124.54 163.06 164.09 149.02 140.09 140.09 140.09	161.59 92.64 119.07 128.34 110.05 108.80 96.54 143.56 135.69 148.77 160.59 132.79 152.50 121.86 101.09 140.09 140.09	233 223 238 232 239 232 230 230 230 230 230 230 230 230 230	177.28 90.26 128.30 134.95 115.30 102.09 144.28 142.35 142.35 174.76 178.30 168.40 182.46 114.46 130.33 108.75 153.87	19.72 85.50 19.59 19.68 19.68 19.68 19.68 19.68 19.78 19.43 19.43 19.44	19.83 19.50 12.50	177.98 101.629 134.89 124.83 124.83 124.83 127.82 104.93 147.349 112.11 161.28 192.64 422.59 131.41 198.09 165.92 132.00 162.87 152.00 162.87 153.42	99.92 85.19 100.00 98.18 98.39 84.00 96.89 99.50 84.22 100.00 99.72 99.65	79.21 96.01 91.86 97.47 97.30 94.20 76.99 84.94 101.27 94.67 98.46 70.09 106.64 89.27 103.55 96.49 93.57 96.49
Europe (929) Pacriic Basin (683) Euro – Pacific (1612) North America (715) Europe Ex. UK (596) Pacific Ex. Japan (225) World Ex. US (1816) World Ex. UK (2069) World Ex. So. AJ. (2341) World Ex. Japan (1944)	127.58 143.87 137.42 129.07 110.19 161.49	+05 +01 +02 +03 +03 +03 +03 +01 +01 +01	114.88 129.55 123.73 116.22 99.23 145.41 124.22 119.11 120.69 117.51	118.00 130.69 125.61 128.76 104.24 150.95 126.09 125.97 127.20 126.41	2.81 0.68 1.46 2.82 2.45 2.36 1.51 1.87 2.00 2.80	125.90 143.78 137.09 129.07 110.15 161.53 137.66 132.23 133.85 130.27	114.33 129.55 123.52 116.29 99.25 145.54 124.03 119.14 120.59 117.37	117.38 131.44 125.82 128.77 104.17 150.94 126.31 126.27 127.34 126.19	128.35 158.77 143.65 137.55 111.97 161.53 143.38 138.82 139.47 134.03	99.78 100.00 100.00 100.00 98.02 99.92 100.00 100.00 100.00	95.93 93.47 94.44 96.53 95.87 78.33 94.59 95.26 95.26 95.61

EUROPEAN OPTIONS EXCHANGE

		No	W 87	Fe	b 88	į lu	ry 36	
Serie:		Vel.	Last	Val.	Lust	Vol.	Ling	Stock
COLD C	\$460 \$480	끍	18.50	10	28 20,50	11	1 1	\$460.90
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BILVER C	\$450 \$700	7	105 60	=	=	11	11	\$157
SILVER C	\$750	4	4 3		65			
			t., 57	Qe	. 87	No	w. 87	
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ABN P AEGON C AEGON P AHOLD C AHOLD P AIZZO C AIZZO P	FL300 FL89 FL309 FL310 FL370 FL370 FL370	507 468 605 35 119	0.50 1.40 0.40A 1.90 3.50 6.70	375 144 25 132	2.30 2.70 2.380 6.20 10.50 7.20	85 3 3	3.50 5.50 14.60	FL36-60 FL304 FL376
ABN P AEGON C AEGON C AHOLD C AHOLD P AIZZO C AIZZO P AMEY C AMEY P	FL300 FL89 FL309 FL310 FL370 FL370 FL370	507 468 605 35 119	0.50 0.40A 1.90 3.50 6.70 4.40 3.10 0.40	375 144 25 132	2.30 2.70 2.380 6.20 10.50 7.20	85 3 3	3.50 5.50 14.60	FL86.60 FL104 FL176 FL59
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FT CROSSWORD PUZZLE No. 6,433

TOTAL VOLUME IN CONTRACTS: 41,420



The shorter across solutions are not clied: they follow a similarly repetitive pattern.

ACROSS

1 Possibly a senior, but d— junior! (11) 7 (3)

27 (5) 28 (3) 29 Old-fashioned intimate of California and other countries (5-6)

DOWN

1 Dearth of craggy rocks over big town? (3)

2 Reserve suit containing volumes (8)

3 Ethical Tory? (5)

4 Pound, for example: one for wise men and holy one (7)

5 Causes excitement among the viviparous especially (7) 6 High route used for the working day? (5-4)
7 Language of 1, 2, 3, etc. (6)
8 Scattered as seed in Macedo-

nia (6) 14 Aphetic prefix? 'tis, for

7 (3)
9 (5)
10 Proceeding by part of main road without turning (1, 4, 4)
11 Bird call before match for drinks (8)
12 (5)
13 Drunkard sate drink around liner (P & O) (7)
15 (4)
18 (4)
19 Explosive firm gets tired out (7)
24 Seasonal sucker for all if poor? (5, 4)
26 Chess player at cape finds cattle (5-4)
27 (5)
28 Aphetic prefix? 'tis, for example, turning 252 port (9)
18 Energetic Russian prince among French solvers? (8)
17 Sheets, etc., for inn—be led astray (3-5)
19 Continue too long with old copper dish (4, 3)
28 Angle about zero with a court (7)
29 High in space, maybe, over three light years (6)
29 Pearl ottoman conceals cricket writer (6)
29 Pearl ottoman conceals cricket writer (6)
20 Pearl ottoman conceals cricket writer (6)
20 Pearl ottoman conceals children's game (5)
21 (5)



5, 5

BASE LENDING RATES

		%		%	%
	ABN Bask	30	e Cartelane Bak	20	Mat Elk, of Ximmati 10
	Adam & Company	10	Circlande NA	10	Halfflestnisster
	Allied Arab Et Ltd	10	City Meschants Bank	10	Horthern Back Ltd
	Allei Outer & Co	10	Codesiale Bank	28	Harwith Sex. Trust1D
	Affied Irish Bank	30	Contract Bit. N. East	36	PK Fidaes. Ind (UK) 10%
	Americas Esp. 88	30	Consolidated Cred	10	Provincial Trest Ltd II
	Anno Bank		Co-operative Bank 1	10	R, Raphael & Sons
	Heavy Archarder	10	Coprus Popular Bit	10	Resturate Grantes 100g
	AHZ Banking Group		Duscan Laurie	10	Regal Bix of Scottand
	Associates Cap Carp		Equat'r'i TstC'p ole	10	Royal Trest Bank 10
	Antierity & Co Ltd		Exeler Trust Ltd	102	Spith & Williams Secs 1.0
	Blacco de Silban	10	Firmacial & Geo. Sec	10	Standard Chartered 1D
	Bank Hapterling	20	First Hall Fla. Corp.	11	TS8 10
	Stark Leveni (UK)	30	First Nat. Sec Lad	21	UDT Marigage Exp 121_2
	Back Credit & Comm	10	● Robert Fleering & Ca	10	United Blk of Kowaii
	Bank of Copyrig	36	Robert Fraser & Ptrs	n	United Mizzati Bank
	Bank of Ireland		Eiroback	10	Clarity Trust PLC
	Bagk of Judia	10	Erindays Bank	20	Western Treat 1.D
	Bank of Scotland	10	General Mater	10	Westpac Bank, Corp 10
	Despue Beige Ltd	10	HFC Trest & Steiner	16	Whiteway Leidlaw 10%
	Barciays Bank		@ Hanters Bank	10	Yarkshire Bank
	Begularank Toy Ltd	10	Meritable & Gov. Tat	10	
	Beseficial Trust Lini	11	e RH Samel	20	
	Berlier Back All	10	C. Boare & Co	10	e Members of the Accepting
	Belt, Dit of 18th East	10	Hangiang & Shangis	10	Houses Committee. # 7-day
P	Brown Slighty	10	Litoyds Stank		deposits 5%. Sprewise 7.66%.
	Basiness Mitge Titl		Megical & State (Man	10	Top Tier-62,500+ at 3 months' notice 9,31%. At call when
	C), Bank Nederland	30°	Midland Rask		(20,000+ remains deposituri.
	Canada Permanel	10	· Hargas Greefell	10	Mortgage bette rate. § Demand



Mant Codt Cop Ltd. 10

YUKUNG LIMITED (Incorporated in the Republic of Korea with limited liability)

NOTICE

to the bolders of the outstanding U.S. \$20,000,000 3 per cent. Convertible Bonds due 2001

of

YUKONG LIMITED (Size "Sonds" and the "Company" respectively)

On 4th Suptember, 1987, the mercing of the Board of Directors of the Company approved a free distribution of further shares in the Company. The record date for the determination of shareholders entitled to receive such free distribution will be 15th October, 1987. The free distribution of the Company's shares will result in an ent of the Conversion Price in accordance with the provisions of the Trust

adjustment of the Conversion Price in accordance with the provisions of the 1 test Deed constituting the Bonds. Notice is accordingly hereby given to the holders of the Bonds that, pursuant to the provisions of the said Trust Deed, the existing conversion price of 4448,663 per share will be adjusted with effect from 16th October, 1987 (the date after the record data), and the new conversion price will then be 444,968 per share.



AB Svensk Exportkredit (Swedish Export Credit Corporation)

U.S. \$125,000,000

Floating Rate Notes due March 1992

For the six months 16th September, 1987 to 16th March, 1988 the Notes will carry an interest rate of 10% per annum with a roughm amount of U.S. \$505.56 per U.S. \$10,000 Note, payable on 16th March, 1988.

Company, London

Agent Bank

Notice to the Bondholders of

The Mitsui Trust and Banking Company, Limited (the "Bank")

U.S. \$100,000,000 2½ per cent. Convertible Bonds 2001 (the "Bonds")

Adjustment of conversion price to be made as a result of a free share distr and an issuance of rights to subscribe for shares of the Bank. Pursuant to the Terms and Conditions of the above messioned Bonds (the "Conditions"), we hereby poorly Bondholden as follows:

1. The Board of Directors authorised on 7th August, 1987:-

 a free distribution of shares at the rate of three (3) new shares for each one hundred (100) shares held at 3.00 p.m. on 30th September, 1987 Tokyo time (the record date). (2) an issuance of rights to substribe for shares at the rate of three (3) new shares for each one bundred (100) shares held at 3.00 p.m. on 30th September, 1987. Tokyo time at a consideration of Yen 1300 per share as against a current market price per share (calculated in accordance with the Conditions) of Yen 2,828.3

Accordingly, the Conversion Price of the above mentioned Bonds will be adjusted pursuant to Condition 5(C) (ii) of the Bonds effective as from the 1st October, 1987 Tokyo time.

Conversion price before adjustment: Yen 1990 Conversion price after adjustment: Yen 1903.2

The Mitsui Trust and Banking Company, Limited 1-1, Nihonbashi Muromachi 2-chone, 987 Chuo-ka, Tokyo 18th September, 1987

ICT INICODMATION CEDVIC

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Further positive signals on the economy were the trigger for institutional investors yesterday. A second-quarter adjusted current account deficit of only £174m, owing to a large invisibles surplus, tipped the scales after Wednesday's buoyant industrial production figures and brought a

Fund managers altered their investment decisions from neutral to bullish and a leading institu-tion commented "with good news now appearing all over the front window, you simply cannot afford not to be invested." The equity market's resilience this week to adverse Wall Street and Tokyo influences was another encourage ing development, said larger

Alpha and other top-quality stocks were the main targets for the inflow of funds and the FT-SE 100 share index pierced 2300 for the first time since August 5. Many chartists consider this an important landmark, forecasting that a consolidation above the level will lead to an autumn upsurge in

Other economic pointers released yesterday included aver-age earnings and unit wage costs for July, both of which were consistent with accelerating growth. With the US market trying early yesterday to regain some of the ground lost recently, leading shares in London showed little sign of reacting. The "footsie" index closed up 24.7, its best gain since August 11, at 2304.5.

Activity was spread evenly etween the industrial sectors, while Merchant Banks consumed the business in the financial area. Marketmakers were of the opinion that it was a question of when, not if, the next bid arrives; the battle for control of Guinness Peat inten-sified yesterday when publisher Robert Maxwell disclosed an increased share stake.

Government bonds also responded strongly, but the upturn was described as a steady progressive squeeze on traders' short positions. Evidently many professionals had decided earlier in the week to go short of stock because of the impending monetary statistics, due today, and next week's long bond auction. Subsequent events have forced covering of these commitments, leading to a technical shortage of stock.

Domestic retail buying of lonter-dated Gilts has exacerbated

this situation, and selected issues replied yesterday, bounding ahead by 1½ points. Medium-life stock rose nearly a point and the shorts also moved up strongly following exhaustion of the longstanding tap, Treasury 8 per cent 1991, at 93. To satisfy a specialist demand, the authorities re-activated Treasury 3 per cent 1992 and

Guinness were actively traded following the first-half figures and confirmation of the acquisition of Schenley Industries, the US draks distributor, n a deal worth \$480m.

Guinness dipped sharply to 358p in immediate reaction to disap-pointing interim profits of £151m—well below even the most cautious estimates—and thoughts that Schenley owner Mr Meshu-lam Riklis might now unload his unwilling However, the price rallied to set-

tied only 8 lower on balance at 367p with dealers somewhat hearsorp with dealers somewhat near-tened by talk that the shares would be disposed of in an "orderly" fashion. Analysts regard the price paid for Schenley as fair—Wood Mackenzie, for example, were quick to reiterate their "strong buy" advice for

Domesic and US investors showed renew enthusiasm for Glazo, which moved up to £17% Mochida of Japan has granted the group a licence to develop, manu-facture and market an injectable cephalosporin antibiote, code-named M 14659 and now in the early preclinical stages, in all countries except Japan.

Clearing banks were showing modest falls during the day but picked up strongly towards the close with Midland finally 9 firmer at 518p amid talk of yet another stake building exercise and the possibility of a full-scale bid for the bank. NatWest were equally in demand and improved 7 to 717p. Barclays edged up 5 to 583p but Lloyds held around the 340p level.

Profit-taking lowered TSB, Chartered eased 3 to 8200 on profttaking following press suggestions that the bank is negotiating the sale of Union Bancorp, its Califor-

nian subsidiary.

Merchant banks remained very much in the limelight as the Saatchi brothers' intention of moving into financial services and the bid for Guinness Peat trig-gered another bout of takeover speculation. Turnover in Guin-ness Peat expanded dramatically to 18m shares as an early foray into the market by Robert Maxwell lifted his stake in GP to 6.38 per cent or 20.1m shares. Guinness Peat shares closed a penny up at

Rill Samuel, where bid speculation built up significantly, spurted 7 to 664p. Kleinwort Benson, due to announce interim figures on Monannunce interim injures on Mon-day touched 542p, prior to closing a net 3 higher at 529p. Bid specula-tion, triggered by the bid battle for Equity and Law launched by Ron Brierley and followed up by Compagnie du Midl of France, prompted another wave of prompted another wave of speculative support for insurances. Abbey raced up 6 to 322p, Legal & General, helped by favourable press comment, gained 8 to 335p and Sun Life moved up ??.

Response to positive economic signals brings largest rise in equities for five weeks

	FINANCIAL TIMES STOCK INDICES													
		Sep.	Sea	Sep.	Sep.	Year	19	87	Sheer Co	والعلاق				
	Sep. 17	16	15	14	11	2490	High	Lev	High	Low				
Government Secs	85.92	85.33	85.45	85.47	85.43	81.12	93.32 095)	84,49 (6/1)	127.A 191/351	49.38 GMD				
Fixed Interest.	91.72	97.63	92.60	90.89	90.92	91.86	99.12 056	90.23 (2/1)	205.A (2011/47)	50.53 (3/1/75)				
Ordinary V	3512.0	1790.2	1775A	1775A	1763.8	1279.6	1,926.2	1,320.2	1,926-2 (167/67)	49,4 (265640)				
Gold Milets	442.7	467.2	468	449.5	453.0	317.2	497.5 (48)	288.2 (192)	734.7 (15/2/83)	43.5 09610710				
Ord. Div. Yield	324	3.27	3.29	3.30	3.33	4.33		S.E. A	TIVITY					
Earnings Yld % (felD	7.93	am.	8.07	8.07	8.14	9.97	la la	nices	Sep. 16					
P/E Ratio (net) (*)	15.43	15.27	15.17	1516	35.04	12.30	GTIL Edges		97.4	95.1				
SEAQ Sargains (5 pm)	34,407	31,098	31,573	39,878	47,765	_	Equity Barr	Sales	32024	263.8 2620.0				
Equity Turnever (Em)	_	1584.36	1296.23	2376.34	1247.38	560.96	5-Day Ave	rage	1	99.9				
Equity Bargains	-	35,816	40,718	52,149	49,337	15,745	Gift Edged Equity Barr	Bargalet,	97.2	280.3 2547.6				
Stares Traded (mD	 -	495.9	520.A	527.6	626.7	2263	Equity Van	-	281.1 2768.7	2547.6				
♥ Opening	10 a.m.	51	2.00	Moon	1 5	i p.m.	2 p.m	J [о.ш.	4 p.m.				
	1806.3	18	08.5	1808.7	1 1	807.7	1804	7 1	806.4	1809.6				
Day's High 183	2.3 Da	y's Low :	1798.A. B SE	asis 100 Go Activity 19	nt. Secs 15 74, * HS=	710/26, Fb 15_18.	ed int, 1926,	Ordinary 1/	7/35, Gold M	les 12955,				
	LEWDON	REPGI	T AND	LATEST	SHARE	MARC	TEL OF	M6 M02A						

Commercial Officer jumped 378 to 392p on talk of an imminent bid from the Continent Esysts, boosted by the "down under" stake, were 5 higher at 570p.

Guinness aside, attention in Breweries centred on Buckleys which spurted to 220p before set-tling 20 dearer on balance at 205p following the surprise revised offer of 192p cash per share from Peter Clowes and Guy Cramer which has won the recommenda-

Buildings presented a firm appearance as institutional buyers re-emerged pending news of some important trading state-ments. EMC, half-year figures due on September 24, revived strongly with a gain of 12 at 471p, while with a gain of 12 at 471, white Tarmac, interim results expected next Monday, firmed 8 to 305p. Barrati Bevelopment, also repor-ting soon, gained 15 to 232p, while George Winney, boosted by a broker's recommendation, firmed 8½ to 277p. Redland attracted sup-port following a launch with institutions and rose 12½ to 503p; the company, after announcing its intention last week to become a major player in the plasterboard major player in the plasternoard industry, yesterday agreed to take a 45 per cent stake in Norgipa, a privately-owned Norwegian company with manufacturing facilities in Norway and the Netherlands. CSR, Redland's joint venture partner in its move into partners of the par worldwide plasterboard, wi participate in the acquisitio Eisewhere, Blockleys advanced 25 to 525p in belated response to

increased half-year profits, but McLaughlin and Harvey encoun-tered profit-taking in the wake of

Interim profits in line with esti-mates—described as pleasing by certain market sources—failed to inspire Laports which settled a shade cheaper at 537p. Among other Chemicals, Fasces attracted support following a broker's bullsupport following a broker's bullish circular and rose 8 to 305p; the
interim results are due at the end
of the month. Thurgar Bardex
revived with a gain of 7 at 110p,
but Welstenhalme Rink shed 5 to
400p following the interim statement

electronics was much reduced.
Plessey, where the number of a shares changing hands was only 10m compared with the previous day's 32m, edged up a shade to 200½p, with traders questioning the wild rumours that did the rounds on Wednesday. There EMI jumped 12 to 672p reflecting talk of a major re-rating of the shares electronics was much reduced. of a major re-rating of the shares after the deal with Granada.

GEN shares raced up 13 to 396p on talk that a bid for Amari could be on the cards. APV Baker pro-vided one of the day's outstanding features and leapt 35 to 832p following the interim figures which showed interim pre-tax profits of £16.2m well in excess of the most optimistic figures which had ranged up to around £14m. nan rangen up to aroung 1.191. Garten Engineering's interim figures were given a resounding walcome and the shares surged ahead to close 18 firmer at 178p.

changed on balance, attracted tharply increased turnover. Pesca, J. Sainsbury and ASDA-MFI all registered volumes of around

Bott. & Char (*494)

<u>LJ.</u> (*370)

I.C.I.

Stell Trans. (*1330)

CKS(

Barcinys (*577)

(*5).40

Brk Ass (469)

volume of nearly 7m shares. Kwik Seve, considered cheap in some quarters, firmed 7

Tate and Lyle, boosted afresh by tumours that it sold its stake in S. & W. Berisford, rose 20 more to 806p; Berisford firmed 7 to 385p.
A firm Hotel sector showed

Among the major international stocks, Beecham found support at 559p, up 2, while B&A, a subdued market recently, picked up 4 at 140p. British Airways improved 6 to 205p. Reckitt and Colman contrasted with a fall of 14 to £10% on the support of th disappointment with the interim results; profits came in some 24m

350p following the annual meet-ing while Cowan De Groots gained 15 to 98p on the announcement that a consortium headed by John Carr had acquired a 6 per cent stake in the company at 100p per share. Wills Group jumped 27 to 213p following an offer of 190p per share cash from Australian Investors Corporation, while Hawtel Whiting, in which dealings resumed in the wake of details of an offer from First Security, setpension price of 435p.

Ameri gained 16 to 218p amid vague rumours of a bid from GKN. while William Baird rose 20 to

good ngmes and garinali Boldings
Casino group Aspinali Boldings
settled 7 cheaper at 178p following the recommended share
exchange offer, with cash alternative of 173p per share, worth some
173p per share, worth some
173p per share, worth some
173p per share, the latmoved up 20 to 620p on talk that a stake is about to change hands.

Increased first-half profits prompted occasional support for Ford main dealer Perry, 5 up at 313p, and relative market newcomer Lancaster, also 5 to the good, at 218p. The sector was again featured, however, by Nis-san dealer D. C. Cook which improved another 25 to 260p.

Leading Properties remained subdued. Land Securities edged up to 603p prior to closing unchanged at 600p, while MEPC shed 6 to 560p; the latter amounced a \$100m US fund raising operation presents. British

eal Bar rose 13 to 205p. Shippings again provided a cou-ple of outstanding firm features. P

NEW HIBMS (126)
BRITISH FUNDS (1), INT. BANK &.
6'SEAS ROVT. STLE. ISSUES (1),
AMERICANS (1), CANADIANS (1),
BANKS (3), SUILDINES (3),
CHEMICALS (2), STORES (3),
ELECTRICALS (6), ENGINEERING
(6), HOTELS (2), HODGSTEIALS (25),
INSURANCE (5), LEISURE (1),
MGTORS (2), NEWSPAPERS (2),

LONDON TRADED OPTIONS

Ott. Jan. Apr. Ott. Jan. Apr.

200 225 175 285 155 185 130 165

200 — 79 55 55 69 34 48

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Dec Mar Jone Dec Mar Jone

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185 117 6 70 82 15 46 57 45

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1 4 5 10 18 23 36 45

15 30

533p in repl to increased interim profits. Hollis continued to reflect good figures and gained 8 more to

esom, from Alfred Walker, the latter closed 23 lower at 375p. Spectrom were a volatile market and dipped to 110p prior to closing 7 cheaper at 121p; the shares have risen sharply recently following news that Mr Neil Scot, former chalrman of Owners Abroad, and appropriate had according a 22 per ciztes, bad acquired a 22 per

ing operation yesterday. British Land, stimulated by the sale of its Gripperrods subsidiary to CH Industrials for £30.3m, firmed 5 to 342p; CH were a penny dearer at 186p. Mucklew, which produced good figures and a confident statement on Wednesday, firmed 6 to 157p, while Lendon and Edinburgh attracted a burst of buying interest and gained 9 to 1999. Heli-

& O Deferred advanced 22 to 711p on fresh consideration of the group's extensive property port-folio. Demand for Mersey Docks continued unabated, the com-bined units rising another 70 to bined units rising another 70 to 415p on reflection of the 10 per cent stake taken by Peel Holdings. Textiles retained a selectively firm appearance. Wednesday's extremely impressive results from Costs Viyella stimulated in Cour-tanies, 10 better at 503p and Toe-tal, 8½ dearer at 150%p. Corah

538 175 — 538 125 — 600 — 638 73 95 668 40 63 700 — 750 12 35

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Hov. Feb. May Nov. Feb. May

135 - 8 - 20 - 65 - 60

Sept. Dec Mar Sept Dec Mar

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20

30 2 30 16 36 36

II II

SI NEI I

PUTS

rallied 4 to 103p as the sizable first-half loss—largely attributable to a £1.8m write-off on stock

valuation—was alleviated by the maintained dividend; BZW regarded the move as a " positive clearing of the decks" and expect the share price to be bolstered by yield considerations. Bethmens remained firm and

rose 12 more to 438p, although dealers expressed scepticism that Rembrandt, which recently lifted its stake in Rothmans to 43 per cent, would be prepared to launch a full-scale offer for the outstanding equity.

British and Commowealth rose 10 to 497p awaiting the next development in the Quadrex/ brokers attracted sympathetic support with International City 13 up at 234p, and MAI, scheduled to report prelimiary figures on September 28, 19 to the good at

Oil shares staged a rapid advance after the recent lack of prog-ress. British Cas edged up 3 to 176p, BP jumped 10 to 374p, Briteil

TRADING VOLUME IN MAJOR STOCKS

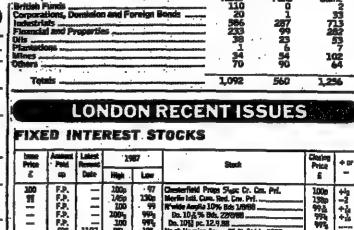
prise 13 to 336p.

Speculative buyers were again attempting to nibble at Titachur-Jute, finally 60 up for a two-day advance of 96 to 230p. Elsewhere in Overseas Traders, dealers reported a lively turnover in Har-risons and Crosfild, 7 dearer at 691p, and Inchespe, 14 better at

The half-year figures and proposed share split from EYZ were given an excellent reception and RTZ shares moved up & to £13%. Consgold, on the other hand, suffered from profit-taking and dip-

TRADED OPTIONS Lively demand for the under lying equity market stimulated increased activity in traded options. Total contracts struck amounted to 53,306—the highest for over three weeks. BP were particularly active in recording 4.482 calls, 2.223 of which were done in the October 390's; BP also attracted 2,730 puts, the January 360 and 390 series contributing 1,630 and 800 trades respectively. Speculative excitement heightened by stake sale rumours prompted a lively huston in Plessey with 3,520 calls and 845 puts done. Marks and Spencer also found favour with 2,186 calls and 1,522 in the Catches 2405 traded, 1,602 in the October 240's





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\$120 F \$10.58 F 11 F "RIG	P. A.		55 185 515 105 101 143	Moorgan ¿Parkwa Portugal Seacon Singer & Zetters	* 100	-5 R15 +5 -3 L15	= =	39.9 19.0
Price	Angest Paid 80	Latent Require Date	High	67 Low	Stock		Closing Price	ter
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FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY				Thursd	lay Sep	tember	17 196	37	Sep 16	Test Sep 35	Sep 14	Year ago (approx)
F	& SUB-SE ligures in parenthes stocks per	es show i		Inde: No.		Est. Earning Vield? (Max.	Gross, Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1987 to date	Index No.	Index No.	能	lander No.
3	CAPITAL GOODS	S (211)		968.					16.46	966.43			
2	Bullding Material			1157	57 +1.				19.29	1172.55			
3	Contracting, Cons	truction (33)	1811				19.69 24.87	23.82 45.17	1789.83 2481.44			
4	Electricals (12)			2493. 2043.					33.84				
5	Electronics (35). Mechanical Engli	market fi		518					2.96	51A.75	516.61		
a i	Metals and Metal			573.			-,			570.EL	57133		348.71
9	Motors (14)	T Of ILLERY	VI /	396				15,90	5.47	39L82		367.96	
30	Other Industrial N	daterials	(21)	1489	88 +0.	3 61	9 3.18		3434	1684.36			
21	CONSUMER GR	DUP (18:	3)	1337.					16.92				
22	Brewers and Dist			1208.					15.80	1250.79	1185.57		925.J7 498.78
25 25	Food Manufactur			1019.	42 +0.				16.23 36.78	2425.40			
26 27	Food Retailing (1		A	2455. 2589.		1 5.8 7 3.9				2544.99			
27	Health and House	nois Pro	BUCIS (10)						24.82	1389.77			
31	Packaging & Pap	m (15)		671				21.08	16.02	669.79	564.87	669.71	465.91
32	Publishing & Prin	tina (13)		457.	77 +0.				59.63	4635.11			2625.47
34		p.115 C.27		1094					13,78	1082.67			
35	Textiles (16)			. 863.	66 +2	5 7.3			12.07	842.91	823.22		
40	OTHER GROUPS			_ 1133.					19.86	1128.30			
41	Agencies (18)			1719.						1761.76			
42	Chemicals (21)			1464					31.59	1460,78			978.87
43	Conglomerates (7		99	2449.				15.99 17.95	21.92 41.65	146.79 2262.61			
45	Shipping and Trail Telephone Netwo	sport (1	ــــــــــــــــــــــــــــــــــــــ	2316. 1052				13.55	18.95	1651.第			
48	Miscellaneous (2)			1691						1685.66			
49	INDUSTRIAL GI			1200				18.58					
_				_					64.58	_	_		
<u>51</u>	0il & Gas (17)			2242									
<u>59</u>	500 SHARE IND			1289					_	1276,77			
61	FINANCIAL GR	DUP (118	37	846.			3.63		17.49	837.33		252.72	
62	Banks (8)			828.						823.34 1134.67			
65	Insurance (Life) (1164. 669.			3.80	-	22.60 13.50	651.79			471.49
67	Insurance (Compo			1222				14.86		1713 32			
68	Merchant Banks			1 111			2.77		737	473.67	494.10		337.59
69	Property (47)			1316		3 36			14.24	1313.06			751.97
70	Other Financial C	28)		569.	69 +1	0 5.8	5 2.69	ZL65	8.27	564.03	562.91	563.18	344.06
71	Investment Trust			1168			2.09	-	14.12	1155.25		1142.90	770,98
81	Mining Finance C			703,					6.79	696.52	698.53	700.37	229.39
91	Overseas Traders			1240			_		29.58	1228.34		1223.77	668.00
99	ALL-SHARE IN	IEX (721)	1176	85 +1.	0 -	3.68	_	20.50	1165.19	1158.17	1160.61	794.65
				Inde	Day's	Day's	Day's	Ses	Sep	Sea	Sea	Ses	Year
				No.	Chang		Low	16	15	14	n	10	250
	FT-SE 100 SHAL	E INDE	X &	230	L5 +2L	7 2345.	2 2285.6	2279.8	2264.5	2271.5	2261.2	2253.2	
_						_							
	FIX	(ED I	NTER	EST				AGE GRI IMPTION			The Sep 17	Wed Sep 16	Year ago
	BBIAC	- Thu	Da de	141-4	and and	-4 -45		Gereina					
	PRICE INDICES	Thu	Day's	Wed	xtladj.]	xd ad). 1967	1 Low		5 year:		9.52	9.65	7.16
	rre(4.53.	Sept 17	change %	Sept 16	abbay 1	to date	2 Compo	15	15 years		9.77	9.93	10.09
	D-10-2		 				4 Media	_	25 years 5 years		9.63	9.78 10.39	10.12
	British Severament						5 Como		15 years		10.64	10.39	10.73

	P 12	(En i	MIC	KE31						17	16	Cabbrer
	PRICE INDICES.	Thu Sept 17	Day's change %	Wed Sept 16	xti adj. today	xd adj. 1967 to date	1 2 3	British Governme Low Coupous	5 years	9.52 9.77 9.63	9.65 9.93 9.78	9.16 10.09 10.12
	British Geveroment 5 years 5-15 years Over 15 years Irredeemables	121.21 135.05 142.63 156.60	+1.35	133.26	-	7,72 9,88 9,95 8,81	7 8 9	Medium Cosposs High Cosposs Irrefeestables	5 years	18-23 10.04 9.83 18-32 10.22 9.87 9.86	10.39 10.20 9.98 10.47 10.38 18.02	10.12 10.73 18.44 10.11 10.82 10.61 10.19 9.91
_5	All stocks	132.70	+0.82	131.62	-	9.23	п	Index-Linked Inflation rate 5%	5 _{prs.} _	3.35	3.38	425
7	5 years Over 5 years All stocks	120.15 123.13 113.54	+0.45	120.01 112.62 113.06	-	2.18 2.60 2.55	· 13	Inflation rate 5% Inflation rate 10% Inflation rate 10%		3.99 3.32 3.99	4.02 3.34 4.02	3.56 2.84 3.39
_	Debestures & Loans			113.85		7.25	15	Debs & Loans	5 years 25 years 25 years	H.44 11.43 11.43	11.47 11.46 11.46	10.71 11.06 11.10
10	Preference	83.95	+0.34	83.83	-	4.35	18	Preference	t	10.86	16.88	

40pening index 2285.6; 10 am 2293.3; 11 am 2297.6; Noon 2297.4; 1 pm 2297.6; 2 pm 2294.2; 3 pm 2295.6; 4 pm 2300.4

WORLD STOCK MARKETS

AUSTRIA Sep. 17 Price + or Sep. 17 Sep. 17	SPAIN Price + of Sep. 27 Price + or Ph. %	AUSTRALIA (Continued) Sep. 17 Price + or Sep. 17 Price Yen	+	CANADA	
Creditarstatk	390.00 -3 2073.00 -3 2073.00 -3 2073.00 -4 -1 2073.00 -4 -1 2073.00	Nerwy Pacific 4.80	↑ 1 - 1 + 4 - 7 - 7 - 1 1989	CANADA	Seles Stock High Law Close Clong Seles Stock High Law Close Clong Seles Se
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OVER-THE-COUN	NTER Nasdag national market,	closing prices]`	Sept Sept Sept 1987 Sept 17 18 14 Migh Low 17 18 125.5 1.252.2 3.483.5 4/2/37 1.584.2 2/1/25	SWEDEN Jacobson & P. (31/12/56) 5094.90 5129.20 5124.50 5134.30 (14/9) 2111.39 (20/1) SWITZER AND
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FINANCIAL TIMES

— Europe's Business Newspaper

London Frankfart New York

Saturday

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FINANCIAL TIMES

WORLD STOCK MARKETS



Sporadic buying fails to stall downward drift

WALL STREET

BUYING interest remained sporadic and nervous on Wall Street yesterday as initial strength gave way more than once to downward pressure and stock prices settled narrowly easier, unites Gordon

Cramb in New York The Dow Jones industrial average finished 2.29 down at 2,527.90. In slower volume of 151.3m shares against 195.7m, the NYSE compo-176.48 as declines led advances 819

were said largely to be sitting out the oscillations until a trend could be established more clearly. Credit markets showed a modest improve-

ment but there top demand was A weight of corporate debt issues, totalling about 53bn so far this week, has at the same time been unleashed by company treasurers

apparently convinced that interest

rates were heading higher. The Detroit car makers meanwhile responded to the tentative wage deal. Ford, the pact at which will be the industry benchmark, gained \$% to \$106 after trading \$2 higher and Chrysler put on \$1 to \$43% as its strike in Canada drew to

General Motors, however, was \$\% weaker at \$87% - it is the least able to afford any elements of generosity in the settlement. The sector rereived additional cheer, though, from news that part of Honda's expanded US production will be channened back to Japan.

Brockway, a glass and plastic container maker, surged \$19% to \$58% as a surprise \$60 a share bid from Owens-Illinois, which had been previously taken private through Kohlberg Kravis. Kerr Glass Manufacturing benefited from thoughts of a sectoral rerating, rising \$1% to \$14%.

Associate companies of Brockway also showed strength. The 45 CANADA per cent-owned Curtiss Wright advanced \$2% to \$67% and Teledyne, which owns 21 per cent of Brockway, jumped \$11% to \$369%. Litton Industries, in which Teledyne owns nearly 28 per cent, put on 53% to

Also in this defence and aerospace group of stocks, Singer shed \$2% to \$53 as speculation dwindled of a takeover from candidates including Hercules, itself 5% easier at

Elsewhere G. Heileman, the Wisconsin brewer, advanced \$1% to \$41% after a rejection of Mr Alan Bond's \$38 per share takeover offer couched in terms which left the way open to a further approach. The state legislature was also moving meanwhile to tighten protection for

companies incorporated there. Coca-Cola added \$\% to \$47\% after additional moves to re-organise Co-

lumbia Pictures. Tri-Star Pictures,

(30 stocks)

STOCK MARKET INDICES

194.64*

134.18

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AUSTRALIA

AUSTRIA

CANADA

MeL& Mins.

Portfolio

Gold mines

A Long gilt

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FT Ordinary

ment side is being injected, held at

\$13% after its recent run-up. Mattel, the toy maker, lost \$% of its gain this week at \$14% following its denial of knowledge of factors that might move the share price, other than good demand for its latest product, called Certain Power. New World Entertainment, which had been named as a possible suit-

or, was up S% to \$8%. Sara Lee added 5% to 544% after the foods group said it was talking site index was a bare 0.03 easier at to Akzo about buying the Dutch company's consumer side for \$600m and was selling its own Electrolux division. The prospective deals were judged favourably, and Moody's affirmed its debt ratings

for Sara Lee, Pillsbury, also in con sumer foods, picked up \$% to \$43% on its higher first-quarter results. In over-the-counter trading Hen-

ley Group, an industrial products maker, gained \$1 to \$30% once the board authorised the purchase of up to 28m shares, around a fifth of its current equity. Among the money centre banks

nearly 5.3m units of Citicorp changed hands after its 20m share issue, and the price dipped \$% to \$57%. Of the others to have issued shares in the latest round of capital strengthening, Manufacturers Han-over at \$38% was down \$% and Bankers Trust firmed \$\% to \$46.

Credit markets were buoyed by the provision of four and seven-day system repurchases from the Fed eral Reserve in its efforts to even out reserve positions. Fed funds as a result came down to 74s per cent from an opening 7%.

Some short rates firmed, with the three-month Treasury bills three basis points higher and yielding 6.55 per cent, in part reflecting the pending Treasury note issues in its planned refunding. But at the long end, the 6% bond of 2017 added 2% in price to 927 where it yielded 9.60 per cent.

Toronto share prices despite gen erally stronger gold issues.

Among the falling heavyweights, Bell Canada drifted off CS% to CS38% and Canadian Pacific fell CS% to CS26%. Energy Issues were mixed, with Gulf Canada droppin CS% to CS24% and Imperial Oil class A off by C5% to C578%, but Texaco Canada CS% higher at CS34.

Banks were also mixed. Royal Bank was up C5% at C\$33% and Toronto Dominion up C5% at C\$33% while Bank of Montreal slipped

In generally firmer golds, how-ever, Placer Dome climbed CS% to C\$26% and Hemio Gold added C\$% to CS24%. Lac Minerals was C5%

stronger at C\$16%. Montreal fell slightly, while Vancouver edged higher.

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Sept 17 Prev 456.65p 463.35p

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Swiss Bank Ind

COMMODITIES (London)

GOLD (\$/oz)

\$460.25 \$456.75

FEALY Banca Comm. 613.50

MORWAY

Worries over tax send Indian markets tumbling

INDIA'S share markets have nose-dived in the past week in a sharp reaction to a Rs21m (\$1.6m) drought relief package unveiled by Finance Minister Narayan Dutt Tiwari on Tuesday.

Mr Tiwari aims to raise an extra RS10hn from income tax, fu-elling speculation that corporation tax may also be increased.

The Bombay stock exchange 30-share index has plunged 21 points so iar this week to 463.62, to the surprise of analysis whohad expected a rally on Monday after the start of the new fortnightly trading period on Friday.

The Indian markets have been rudderless, making occasional feeble attempts at a rally, since late August when the All-India share index of the Economic Times, India's main husiness newspaper, touched a year's peak of 276.3. Share prices have fallen some six per cent in three weeks, but the ET index at 250 is ernment-owned investment institutions, have been optimistic that the country will tide over the worst drought in several decades, but there are as many bears on

Unit Trust of India, in its report to India International Fund investors, says the diversion of unmes to relief work will affect demand for agricultural products and investment-orient-ed industries like cement and

Akso dipped F1 1.50 to F1 176 but

Royal Dutch was sole riser among internationals, posting FI 1.10 to FI 259.50.

Milan continued to rally in busy

trade as dealers reported renewed confidence among foreign investors

stabilise the lira.

following the measures taken to

Fiat gained L105 to L10,460 and Olivetti L350 to L11,550. Pirelli added L111 to L4,348 following Wed-nesday's news of higher 1986 prof-

Oslo jumped to a fresh record on a cocktail of good corporate news, a

strong oil price and foreign buying

The all-share index rose 8.89 to

Madrid also moved to a second

successive record, buoyed by opti-

mism over inflation figures to be re

leased today.

The all-share index was 1.65 high-

Helsinki hit its fifth straight all-time high, with the Unites ell-share

index 6.6 up at 648.4. Banks and in-

er at 321.26.

surers led the way.

found late support on news that it planned to sell its consumer prod-

ucts units to US group Sara Lee.

steel, But UII leels the scope for expanding demand in India is unlimited, provided prices are

The UII has managed the Lon-don-listed India Fund skilfully to lift its net asset value by 25.5 per ceni in rupee terms. The £1 (\$1.65) unit of the India Fund, which had been quoted below par over the past year, surged to an all-time high of 117p last week in London but has since

Investors appear to take a fa-

vocarbie medium to long-term view. Several new issues of equity have evoked an overwhelming

The public offer by Hoganas India, a subsidiary of a Swedish company, was subscribed 85 times, and that of Garden Silk Mills, a textile conglomerate, by

20 times. Investments in UTI units ed Re50bn last month, indicating that investors are turning to unit trusts rather than buying

combined Ra3bn are to be launched before the end of the year and UTI fears there will

soon be a shortage of scrip. The bears in the market take a more short-term view, concerned that India faces economic problems such as inflation as well as possible political instability as a

result of the recent corruption R.C. Murthy el aims

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Carried States

EUROPE

still 10 per cent higher than a

Blue chips unsettled by dollar uncertainty

pean bourses as the dollar's vacilla-

tions weighed heavily.
Frankfurt fell again after an early rally failed to win institutional support. The effect of a slight rise in the dollar was countered by concern over the further steep overnight fall on Wall Street.

Blue chips continued to take a battering, with car stocks Daimler and BMW DM10 and DM6 off at DM1,078 and DM741, respectively. VW, though, managed a DM2 rise to

Leading banks also tended to soften. Deutsche was DM2.50 off at DM694.50 and Commerzbank DM1 down at DM303.50.

Karstadt gave up recent form with a DM2.80 dip to DM579.20 and fellow retailer Horten lost another 50 pfg to DM235. Asko, though, dived DM50 to DM905 as the market frowned on its 1-for-1 rights is-

other DM5 to DM656, but AEG made up DM3 to DM340. It reported a 5 per cent rise in sales over the first eight months of the year.

Most chemicals were little changed, aithough Henkel advanced DM8.50 to DM588.50 after saying on Wednesday that Colgate Palmolive is to buy a 50 per cent stake in its recently bought subsidiary Lesieur Cotelle.

ms rebounded DM25 to DM375. Zurich finished mixed as foreign investor sales in the light of weakdomestic buying.
Banks retreated, Union Bank by

SFr50 to SFr4,875, Credit Suisse by SFr10 to SFr3,390 and Bank Corporation by SFr2 to SFr498. Swiss R a SFr50 gain to SFr17,850.

LONDON

vestors in London yesterday to alter their investment decisions from neutral to bullish. The FT-SE 100 index pierced the 2,300 level for the first time since Angust 5, closing up 24.7 at 2,304.5, and the FT Ordinary was 21.8 higher at 1,812.0.

Government bonds also responded strongly to the secondquarter current account deficit figures, with gains of up to 1½ points, Detals, Page 42.

Nestle dipped SFr50 to SFr11,000 in foods. Engineers were mixed, retailers slightly higher.
Brussels closed down but off the day's lows following a late rally.

The cash market index lost 22 to Holdings lost ground, Reserve dipping BFr35 in heavy trade to BFr3,705. Sofina and GBL were off

BFr250 and BFr40, respectively, at BFr14,850 and BFr4,010. Petrofina ran out of momentum and lost BFr75 to BFr13.075, Among mixed banks, Générale de Banque managed to climb BFr90

BFr6,350 and Banque Bruxelles Lambert BFr25 to BFr3,275. Paris edged higher on largely domestic trade.

FFr115 to FFr3,335 on the tail of a 35 per cent rise in first-half profits. Other electronics responded and Alness on Wall Street was offset by catel added FFr70 to FFr2,450 and FFr1.738.

Vailourec also feature FFr6.40 jump to FFr70. m eased

doubts were compounded by worries over Dutch economic growth.

SOUTH AFRICA

A LATE rally on the back of the Johannesburg gold shares from closing lower in a soft market.

Kinross was among the lower golds, down R2 at R83, while Vaal Reefs gave up R2 to R446 and Freegold 25 cents to R54.25. Randfontein was steady at R430.

Sterling

UITEREST RATES

FINANCIAL FUTURES

CHICAGO

Sept 17 Previous
1.6465 1.6455
2.9650 2.9875
236.00 2.9875
2.9520 2.9870
2.4775 2.4775
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2.158.5 61.94
2.1685 2.1705

7% 1989 99 7 1984 93°%; 6% 1997 94°%; 8% 2017 92°%;

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6.93 6.66 6.37 6.71 7.78

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7.10

10.25

Source: Harris Trust Savings Bunk

Return Dey's index change 183.17 +0.23 154.63 +0.12

144.03 +0.07 157.57 +0.17 193.58 +0.59

Septemb Price

Sal 8 April 1996

March 2016

88.35 10.45

91.65 10.25

92.67 10.70 otors 6% April 2016

84.43 11.20

7.10

South Central 10% Jan 1993

100.575 10.66 100.875

77.14 10.70 77.14 PM Merch 2018

AT&T S% July 1990

Mining financials followed the downward trend, Anglo losing 25 rise to R14.

KEY MARKET MONITORS

cents to R88.75 and Gencor falling 50 cents to R73. Diamond stock De Beers was 25 cents off at R52.25.

with a rise in the metal's price. Rus tenburg and Lefkochrysos were each 25 cents up at R57 and R20.25

Sasol again featured among steady industrials with a 40 cen

Steels remain sturdy amid broader decline

Buying spread to heavy electri-

morning strength. Toshiba, on trade of 57.50m shares, soared Y12

at one point, but finished Y3 lower

than Wednesday at Y741 under

profit-taking. Mitsubishi Electric fell Y8 to Y680 and Hitachi Y20 to

The bond market moved little in

the absence of fresh market signals

and the approach of the end of the

October-September business year

for securities houses and other

The December contract of gov-

ket. The yield on the 5.1 per cent

government bond due in June 1995

declined from Wednesday's 5.455

per cent to 5.380 per cent, but fin-ished at 5.420 per cent.

was Y61 up at Y1,060.

ASIA

TOKYO

HEAVY TRADE in Nippon Steel and other steelmakers poshed the sector higher in Tokyo yesterday, but small lot selling elsewhere led the market slightly lower, writes Shigeo Nishnooki of Jiji Press.

The Nikkei average fell 112.42 to

24,855.31. Turnover, however, expanded from Wednesday's 821.64m shares to 1.29hn, reflecting active trade in large capitalisation issues. The 10 most active stocks accounted for 60 per cent of the day's total transactions. Losses led gains 574 to 332, with 134 issues unchanged.

The Tokyo Stock Exchange halted trading several times as inves-tors poured in massive buy orders for large-capitals. A sharp 5 per cent increase in Japan's crude sizel production in August gave a parti-cular boost to big-capital steels.

Nippon Steel was busiest with 233.72m shares traded, adding Y9 to industrials, led by a NKr27 rise for Hafslund to NKr656 on news of Jap-anese approval for sale of a medici-nal product. Y386, while Sumitomo Metal Industries jumped Y21 to Y287 on the second biggest trade of 135.78m. Nip-pon Kokan, Kawasaki Steel and Kone Steel also made the active list closing Y4 up at Y335, Y7 higher at Y324 and Y7 up at Y319, respective-

> Mitsubishi Heavy Industries was the third busiest issue with 109.77m shared traded, climbing Y16 to

tiles scored sharp gains, with Sumitome Chemical jumping 723 to Stockholm dipped prior to the Y927, Ishihara Sangyo Y19 to Y824 weekend congress of the ruling So and Mitsui Toatsu Chemicals Y25 to Affarer all-share index lost 12.4 to 1,157.7.

Large-capital chemicals and tex-

AUSTRALIA

THE BUOYANT post-budget mood in Sydney pushed share prices to another record with industrials still leading the way, although gains were not as large as on Wednesday

Rowever, high-tech stocks and Among industrials which have remany other issues dipped TOK lost ported higher profits, Australian Y40 to Y5,050 and Victor Co of Ja- National Industries jumped 22 pan (JVC) Y80 to Y2,840. But Sony cents to A\$2.92, Pacific Dunlop was pan (340) 100 to 120 to 120 to 130 to Y2,570, respectively, while NEC gained Y10 to Y2,140.

cals but they failed to retain their HONG KONG

RUMOURS of further rights issues continued to swirl around the Hong Kong market, pushing prices down sharply again in the wake of the Cheung Kong group's fund-raising

The Hang Seng index ended 33.28 lower at 3,571.36 in active trading worth HK\$2.25bn, down from HK\$3.34bn on Wednesday, as foreign investors tended to leave the ernment bond futures turned up to

Funds were still being switched Y100.49, recovering par, helping to out of the Cheung Kong group, with firm bond prices on the cash market. The yield on the 5.1 per cent HK\$12.50, Flutchison Whampoa down 20 cents at HK\$13.70 and Cavendish 10 cents lower at HK\$5.

SINGAPORE

BLUE CHIPS were again the worst hit in another declining session in Singapore which left the Straits Times industrial index 19.80 lower at 1.414.60 amid expectations of imminent corporate fund-raising and Ilotations.

In slightly higher volume, Fraser and Neave lost 50 cents to S\$13.30, Elsewhere, Nisshin Steel adv- 9.5 higher at 2,284.0 in heavy na- at S\$10.80 and Genting shed 20 anced Y36 to Y820 and Nilgata Engi- tional turnover of 213m shares, cents to S\$7.10.

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